

**NEW MEXICO
FINANCE AUTHORITY
OVERSIGHT COMMITTEE**

**REPORT TO THE
FORTY-SEVENTH LEGISLATURE
FIRST SESSION**

December 2004

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Background

The New Mexico finance authority (NMFA) oversight committee was created in 1992. By statute, the New Mexico legislative council determines the membership of the committee and designates the chairman and vice chairman. The staff for the committee is provided by the legislative council service. The committee oversees the operation of the NMFA, including providing assistance and advice on the public project financing program of the authority as well as on the financing of state and local capital projects. The committee's charge also includes overseeing and monitoring state and local government capital planning and financing and hearing testimony from state and local officials on state and local capital needs.

In 1995, the NMFA oversight committee took on oversight of the border authority pursuant to Section 58-27-26 NMSA 1978. The committee monitors and provides assistance and advice to the border authority on border and port of entry infrastructure needs as well as oversees the operations of the border authority.

Summary of the NMFA Oversight Committee's Work and Legislation

Summary of the NMFA Oversight Committee's Work and Legislation

As approved by the legislative council, the NMFA oversight committee set forth to carry out its statutory duties during the interim. In conjunction with its monitoring and oversight functions, the committee focused on an examination of the funding programs of NMFA and a review of assessing public project needs in the state. In addition, the committee heard testimony on Governor Richardson's road improvement projects (GRIP) from both the NMFA and the department of transportation. The particular needs of colonias areas of the state were studied as well, mainly in relationship to the funding these areas do or do not receive.

The committee also reviewed letters of interest sent out by the governor's office and prioritization and procedures for selecting projects to be funded out of the water innovation fund.

The committee requested and was granted an extra meeting day by the legislative council to focus on capital outlay issues. The committee heard testimony from state agencies regarding their methods of gathering information for and prioritizing capital needs. Capital outlay reform efforts were featured, with reports from the legislative finance committee's subcommittee on capital outlay and the department of finance and administration. Improvements to the monitoring system for capital outlay expenditures were also examined.

Legislation Endorsed by NMFA Oversight Committee

The NMFA oversight committee endorsed the following legislation at its final meeting on December 9:

- .153140, the public project revolving fund authorization bill;
- .153111, an appropriation for drinking water system financing;
- .153110, water and wastewater planning fund grants, expanding eligible projects to include water conservation planning;
- .153112, water and wastewater project grant fund authorization bill, including an appropriation to the fund. Passed last session without the appropriation, so this legislation includes eligible entities from that bill as well as another 18 entities;
- .152829, water trust board amendments to the enabling act that allow entities who have a regional plan in development to apply for loans from the water trust board and allows donations to the water project fund;
- .152830, water project fund authorization bill, without the appropriation;
- .153098, the Water Efficient Technology Act, which applies water efficiency fees for the diversion or withdrawal of water. The water efficient technology fund is created and administered by NMFA;
- .153096, funding bill for behavioral health capital fund; and
- .153119, the Municipal Arena Funding Act, which gives NMFA authorization to provide financing for a municipal arena; municipality imposes arena surcharge

through vendor contracts.

Two additional bills were endorsed by the committee. The first bill amends the Sanitary Projects Act, mainly to bring language up to date. This bill is nearly a duplication of last year's bill. The second bill is an economic development financing proposal, the State Economic Development Assistance Act, which contains a nonrecurring general fund appropriation of \$35 million and amends both the Statewide Economic Development Finance Act and the Local Economic Development Act.

**2004 APPROVED WORK PLAN, MEETING SCHEDULE & BUDGET
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

Membership

Sen. Mary Kay Papen, Chair
Rep. Daniel P. Silva, Vice Chair
Sen. Manny M. Aragon
Sen. Pete Campos
Sen. Kent Cravens
Rep. Roberto "Bobby" J. Gonzales
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin

Rep. Brian K. Moore
Rep. Earlene Roberts
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Sheryl Williams Stapleton
Rep. Don Tripp

Advisory Members:

Rep. Donald E. Bratton
Rep. Jose A. Campos
Rep. Anna M. Crook
Sen. Dianna J. Duran
Sen. Joseph A. Fidel
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Sen. Don Kidd

Rep. Ben Lujan
Rep. Patricia A. Lundstrom
Sen. Leonard Lee Rawson
Rep. Harriet Ruiz
Sen. Bernadette M. Sanchez
Rep. Edward C. Sandoval
Rep. James G. Taylor
Rep. Luciano "Lucky" Varela
Rep. Robert White

Approved Work Plan:

The New Mexico finance authority oversight committee was created with the enactment of the New Mexico Finance Authority Act (Sections 6-21-1 through 6-21-31 NMSA 1978) to oversee the operations of the finance authority. In addition, the legislature assigned oversight of the border authority and implementation of the Border Development Act (Sections 58-27-1 through 58-27-26 NMSA 1978) to the committee.

The committee is statutorily required to monitor and oversee the operations of the two authorities; monitor and oversee state and local government capital planning and financing; and provide advice and assistance to the authorities and cooperate with state and local governments on planning and setting priorities for and financing of state, local, border and port-of-entry capital projects.

In carrying out its statutory duties this interim, and in conjunction with its monitoring and oversight function, the committee proposes to focus on the following as they relate to the work of the two authorities:

- (1) examine the functions and structure of the New Mexico finance authority and its funding programs;
- (2) review the procedures for the assessment of public project needs in the state, how

priorities are determined and the status of these projects in several areas of the state;

- (3) compare the processes for determination of needs and priorities used by the New Mexico finance authority with the process of the department of finance and administration through its local infrastructure capital improvement plan (ICIP);
- (4) review the audit and management letter for the New Mexico finance authority;
- (5) hear ongoing testimony on the status of Governor Richardson's road improvement projects (GRIP);
- (6) examine recent border development issues;
- (7) study the issues and needs of the colonias areas throughout the state;
- (8) examine statutory changes in the New Mexico Finance Authority Act related to urgent economic development projects (Section 6-21-6.6 NMSA 1978) and the credit enhancement account (Section 6-21-6.7 NMSA 1978);
- (9) examine the water innovation fund and the solicitation of letters of interest for financial assistance from the fund and the impact and relationship of this fund to the New Mexico finance authority; and
- (10) hear testimony on capital outlay reform.

Approved Meeting Schedule and Budget

June 3	Santa Fe	\$3,969.50
July 1-2	Taos, Espanola	6,989.88
August 12-13	Gallup	7,676.50
September 20-21	Deming, Las Cruces	7,253.13
November 4-5	Portales	7,414.91
December 9-10*	Santa Fe	<u>6,305.50</u>
	TOTAL:	**\$39,609.42

Budget Approved by Legislative Council: \$30,000.00

* *Because of scheduling conflicts, the oversight committee may petition the legislative council for a change in date to December 16-17.*

** *This amount does not include the \$32,415.64 budget for per diem and mileage for advisory members.*

TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

April 14, 2004
Farm and Ranch Heritage Museum
4100 Dripping Springs Road
Las Cruces

- | | |
|-----------|--|
| 1:30 p.m. | CALL TO ORDER
—Representative Daniel P. Silva, Chair |
| 1:35 p.m. | BOND ISSUANCE FOR TRANSPORTATION PROJECTS REPORT
—Tom Church, Chief of Staff, Department of Transportation
—George Williford, Senior Vice President, First Southwest Company
—Douglas Hartman, Senior Vice President, First Southwest Company |
| 4:00 p.m. | WATER TRUST BOARD PROJECT REPORT
—David Harris, Executive Director, NMFA
—Carlos Romero, Director, Intergovernmental Relations, NMFA |
| 4:30 p.m. | ADJOURN |

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**June 3, 2004
Room 307
State Capitol**

Thursday, June 3

- 10:00 a.m. CALL TO ORDER
 —Senator Mary Kay Papen, Chair
 —Representative Daniel P. Silva, Vice Chair
- 10:10 a.m. WATER TRUST BOARD PROJECT AUTHORIZATION
 —Anne Watkins, Special Assistant to the State Engineer
 —Carlos Romero, Director of Intergovernmental Relations, NMFA
- 10:30 a.m. GRIP FINANCING PROGRAM UPDATE
 —Carlos Romero, NMFA
- 11:15 a.m. REVIEW AND DISCUSSION OF WORK PLAN AND MEETING DATES
 FOR 2004 INTERIM
 —Senator Mary Kay Papen, Chair
 —Representative Daniel P. Silva, Vice Chair

TENTATIVE AGENDA
for the
SECOND MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

July 1-2, 2004

Thursday, July 1

Location: Taos Convention Center (Rio Grande Room), 121 Civic Plaza Drive, Taos

- 10:00 a.m. CALL TO ORDER, WELCOME AND APPROVAL OF MINUTES
 — Senator Mary Kay Papen, Chair
 — Representative Daniel P. Silva, Vice Chair
 — Mayor Bobby Duran, Taos
- 10:10 a.m. INFRASTRUCTURE NEEDS IN TAOS AND SURROUNDING AREAS
 — Mayor Bobby Duran, Taos
 — Gustavo Cordova, Town Manager, Taos
 — Mayor Charlie Gonzales, Questa
- 10:45 a.m. PRESENTATION ON THE FUNCTION AND STRUCTURE OF THE NEW
 MEXICO FINANCE AUTHORITY
 — Bill Sisneros, Executive Director, NMFA
 — Carlos Romero, Intergovernmental Relations Director, NMFA
- 11:30 a.m. GRIP FINANCING PROGRAM UPDATE
 — Brian Brooks, NMFA
- 11:45 a.m. WATER TRUST BOARD UPDATE
 — Angela Gonzales-Rodarte, Program Administrator, NMFA
- 12:00 noon LUNCH
- 1:30 p.m. STATUS UPDATE ON WATER AND WASTEWATER PROJECT GRANT
 FUND
 — Tony Duran, Financial Advisor, NMFA
- 2:00 p.m. REVIEW OF NMFA FUNDING PROGRAMS AND PROCESS FOR
 FUNDING
 — NMFA
- 2:30 p.m. REVIEW AND DISCUSSION OF PROJECTS FUNDED BY NMFA,
 PRIORITY DETERMINATION AND STATUS OF PROJECTS ON
 WAITING LIST
 — NMFA

3:30 p.m. TOUR OF THE TAOS PUEBLO WATERSHED PROJECT
— Frank Marcus, Sr., Taos War Chief, Taos Pueblo

5:00 p.m. RECESS

Friday, July 2

Location: Espanola City Council Chambers

10:00 a.m. RECONVENE AND WELCOME
— Senator Mary Kay Papen
— Mayor Richard Lucero, Espanola, and Staff

10:10 a.m. INFRASTRUCTURE NEEDS IN ESPANOLA
— Mayor Richard Lucero, Espanola

10:30 a.m. UPDATE ON RAIL PROJECT
— Department of Transportation

11:00 a.m. TOUR OF THE SAN JUAN-CHAMA DIVERSION PROJECT
— Leonard Padilla, Special Projects Coordinator

12:30 p.m. ADJOURN

10:00 a.m.	CALL TO ORDER, WELCOME AND APPROVAL OF MINUTES —Senator Mary Kay Papen, Chair —Representative Daniel P. Silva, Vice Chair —Mayor Bob Rosebrough, Gallup
10:10 a.m.	INFRASTRUCTURE NEEDS IN GALLUP AND GRANTS AND IN MCKINLEY AND CIBOLA COUNTIES —Mayor Bob Rosebrough, Gallup —Harry Mendoza, Chairman, McKinley County Commission —Mayor Ronald Ortiz, Grants (invited) —David Ulibarri, Cibola County Manager —Joe Shirley, Jr., President, Navajo Nation (invited) —Frank Dayish, Jr., Vice President, Navajo Nation (invited)
11:00 a.m.	INFRASTRUCTURE GROSS RECEIPTS TAX BENEFIT —Doug Decker, McKinley County Attorney
12:00 noon	LUNCH
1:30 p.m.	CAPITAL OUTLAY PROCESSES IN THE PUBLIC SCHOOLS, THE CITY OF GALLUP, THE UNIVERSITY OF NEW MEXICO AND THE NW NM COUNCIL OF GOVERNMENTS —Jeff Kiely, Deputy Director, Northwest New Mexico Council of Governments —Karen White, Superintendent, Gallup-McKinley County Schools —Dr. Beth Miller, Executive Director, UNM-Gallup —Stan Henderson, Director, Public Works, City of Gallup
2:30 p.m.	THE GALLUP REGIONAL WATER SYSTEM PROJECT: AN UPDATE —Lance Allgood, Executive Director of Joint Utilities, Gallup
3:00 p.m.	THE REQUEST FOR PROPOSAL FOR GOVERNOR RICHARDSON'S WATER INNOVATION FUND AND CRITERIA FOR APPLICATION —James Jimenez, Secretary of Finance and Administration
3:30 p.m.	A CLOSE LOOK AT NMFA-FUNDED PROJECTS FROM APPLICATION THROUGH FUNDING, GRIP FINANCING PROGRAM UPDATE AND WATER TRUST BOARD UPDATE —Bill Sisneros, Executive Director, NMFA

—Mark Valenzuela, Director of Intergovernmental Relations, NMFA
—Keith Mellor, Chief Financial Officer, NMFA
—Marguita Russel, Chief of Programs, NMFA

5:00 p.m. RECESS

Friday, August 13

9:00 a.m. RECONVENE AND COMMITTEE BUSINESS
—Senator Mary Kay Papen

9:10 a.m. THE NAVAJO NATION CAPITAL OUTLAY PROCESS
—Chavez John, Navajo Nation Community Development Director, CDBG
—Mark Maryboy, Navajo Nation Council Delegate, Aneth Chapter
Chairperson, Transportation and Community Development
Committee (invited)
—Michelle Brown-Yazzie, Esq., Deputy Cabinet Secretary, Indian Affairs
Department

10:00 a.m. REGIONAL PLANNING ORGANIZATION PROCESS
—Bob Wildoe, Regional Planner, Northwest New Mexico Council of
Governments

10:45 a.m. GREATER GALLUP AFFORDABLE HOUSING
—Rhonda Berg, Executive Director, Rehoboth-Red Mesa Foundation

11:30 a.m. ECONOMIC DEVELOPMENT IN GALLUP
—Herb Mosher, Economic Development Center
—Rick Murphy, Murphy Builders

12:30 p.m. ADJOURN

Revised: September 17, 2004

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

September 20-21, 2004
Mesilla/Deming

Monday, September 20, Mesilla Community Center

- | | |
|------------|--|
| 10:00 a.m. | CALL TO ORDER, WELCOME, APPROVAL OF MINUTES FROM JULY AND AUGUST MEETINGS
— Senator Mary Kay Papen, Chair
— Representative Daniel P. Silva, Vice Chair
— Mayor Michael Cadena, Mesilla |
| 10:15 a.m. | NMFA CHECK PRESENTATION TO MESILLA |
| 10:30 a.m. | INFRASTRUCTURE NEEDS IN MESILLA, CLOUDCROFT, LAS CRUCES AND DONA ANA COUNTY
— Mayor Michael Cadena, Mesilla
— Mayor William Mattiace, Las Cruces
— Robert Garza, Acting Assistant City Manager, Las Cruces
— Brian Haynes, County Manager, Dona Ana County
— Michael Nivison, Administrator, Cloudcroft |
| 11:15 a.m. | MUTUAL DOMESTIC WATER ASSOCIATIONS: ISSUES AND DEVELOPMENTS
— Richard Rose, Bureau Chief, Construction Programs Bureau, Department of Environment
— Matt Holmes, Rural Water Association
— Mariano Martinez, Dona Ana Mutual Domestic Water Association |
| 12:00 noon | LUNCH |
| 1:30 p.m. | REPORT FROM THE BORDER AUTHORITY— OPENING HIGHWAYS TO MEXICAN TRAFFIC, SECURITY, INFRASTRUCTURE, BORDER CROSSINGS: ISSUES AND IMPROVEMENTS
— Jaime Campos, Executive Director, Border Authority
— Rachel Garcia-Banegas, Deputy Director, Border Authority
— Jim Creek, Project Manager, Border Authority |
| 3:00 p.m. | DONA ANA COUNTY COLONIAS INITIATIVE AND FUNDING FOR |

COLONIAS AREAS

- Annette Morales, Medius, Inc.
- Sandra Alarcón, Loan Specialist, New Mexico Rural Development
- Richard Rose, Bureau Chief, Construction Programs Bureau, Department of Environment

4:00 p.m. EXECUTIVE CAPITAL OUTLAY REFORM UPDATE
— Secretary James Jimenez, Department of Finance and Administration

5:30 p.m. RECESS

Tuesday, September 21, Deming Special Events Center

10:00 a.m. INFRASTRUCTURE NEEDS IN DEMING, COLUMBUS AND LUNA COUNTY

- Mayor Sam Baca, Deming
- John Strand, City Administrator, Deming
- Mayor Martha Skinner, Columbus
- Scott Vinson, Luna County Manager
- Dennis Armijo, Chairman, Luna County Commission

11:00 a.m. GRIP FINANCING REPORT, WATER TRUST BOARD UPDATE AND WATER INNOVATION FUND UPDATE

- Bill Sisneros, Executive Director, NMFA
- Mark Valenzuela, Director of Intergovernmental Relations, NMFA
- Department of Transportation

12:30 p.m. ADJOURNMENT

Revised: October 8, 2004

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY (NMFA) OVERSIGHT COMMITTEE**

**October 18, 2004
Room 311, State Capitol**

Monday, October 18

9:00 a.m. CAPITAL OUTLAY INFORMATION GATHERING AND
PRIORITIZATION

Agency Procedures

—Miguel Hidalgo, Facilities Director, Commission on Higher Education

—Michelle Brown-Yazzie, Deputy Cabinet Secretary, Indian Affairs

Department

—Bob Lujan, Administrative Services Director, Aging and Long-Term

Services

Department

—Bernadine Salazar, Management Analyst, Aging and Long-Term Services

Department

The ICIP Process

—B. Jesse Monfort Bopp, Esq., Local Government Division, Department of
Finance and Administration (DFA)

The Role of Councils of Governments (COG) in the Capital Process

—Lawrence Rael, Mid Region COG, and Chair, New Mexico Association of
Regional Councils

11:00 a.m. CAPITAL OUTLAY REFORM EFFORTS

Report from the Legislative Finance Committee (LFC) Subcommittee

—Linda Kehoe, Principal Analyst, LFC

Capacity and Certification Issues and Statutory Changes

—Mark Valdes, Division Director, State Board of Finance

12:00 noon LUNCH

1:30 p.m. CAPITAL OUTLAY REFORM EFFORTS (CONTINUED)

Update on Solicitation of Capital Requests and Monitoring

—James Jimenez, Secretary of Finance and Administration

—Robert Apodaca, Capital Projects Unit, DFA

2:30 p.m. CURRENT CAPITAL PROCESS
Language, Anti-Donation and Other Legal Issues
—Robbie Heyman, Bond Counsel

Writing and Processing Capital Requests and Bill Production
—Renee Gregorio, Legislative Council Service (LCS) Staff
—Janice McCrary, LCS Staff

House Capital Outlay Subcommittee Procedures
—Representative Edward C. Sandoval

4:00 p.m. COMMITTEE DISCUSSION

5:00 p.m. ADJOURNMENT

Revised: November 1, 2004

**TENTATIVE AGENDA
for the
SIXTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY (NMFA) OVERSIGHT COMMITTEE**

November 4, Sandia Room, Campus Union Building, Eastern New Mexico University (ENMU), Portales

November 5, Room 512, Clovis Community College (CCC), Clovis

Thursday, November 4

Sandia Room, Campus Union Building, ENMU, Portales

9:00 a.m. CALL TO ORDER, WELCOME AND APPROVAL OF MINUTES

— Senator Mary Kay Papen, Chair

— Steven Gamble, President, ENMU

9:15 a.m. INFRASTRUCTURE NEEDS IN PORTALES AND ROOSEVELT,
CHAVES AND LEA COUNTIES

— Mayor Orlando Ortega, Portales

— Debi Lee, City Manager, Portales

— Charlene Hardin, Roosevelt County Manager

— Stanton Riggs, Chaves County Manager

— Dennis Holmberg, Lea County Manager

10:45 a.m. GRIP UPDATE AND FINANCING DETAILS

— Bill Sisneros, Executive Director, NMFA

— Mark Valenzuela, Director of Intergovernmental Relations, NMFA

12:00 noon LUNCH

1:30 p.m. FINANCING MECHANISMS FOR STIMULATING ECONOMIC DEVELOPMENT STATEWIDE: A PANEL DISCUSSION

— Bill Sisneros, Executive Director, NMFA

— Craig Reeves, President, First National Bank of Clayton

— Other Area Bankers

4:30 p.m. RECESS

Friday, November 5

Room 512, Clovis Community College, Clovis

9:00 a.m. WELCOME

—Beverly McClure, President, CCC

9:15 a.m. INFRASTRUCTURE NEEDS IN CLOVIS AND CURRY, DE BACA AND

- Mayor David Lansford, Clovis
- Raymond Mondragon, Clovis City Manager
- Geneva Cooper, Curry County Manager
- Pow Carter III, Chairman, De Baca County Commission
- Terry Turner, Quay County Manager
- Richard Primrose, City Manager, Tucumcari

- Representative Joe M Stell
- Pat Lyons, Commissioner of Public Lands
- John D'Antonio, Chairman of WTB and State Engineer
- Bill Fulginiti, Executive Director, New Mexico Municipal League and Member

— Alicia Fitzgerald, Project Coordinator

— John D'Antonio, State Engineer
— Anne Watkins, Special Assistant to the State Engineer

— Joanna Prukop, Secretary of Energy, Minerals and Natural Resources
— Ned Farquhar, Environmental Advisor, Office of the Governor

12:30 p.m. ADJOURN

Revised: December 2, 2004

**TENTATIVE AGENDA
for the
SEVENTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY (NMFA) OVERSIGHT COMMITTEE**

**December 9, 2004
Room 322, State Capitol
Santa Fe**

Thursday, December 9

9:00 a.m.	CALL TO ORDER, COMMITTEE BUSINESS AND APPROVAL OF THE MINUTES —Senator Mary Kay Papen, Chair
9:15 a.m.	NMFA ANNUAL REPORT —Bill Sisneros, Executive Director, NMFA —Mark Valenzuela, Director of Intergovernmental Relations, NMFA
10:00 a.m.	NMFA'S AUDIT REPORT AND MANAGEMENT LETTER —Bill Sisneros, Executive Director, NMFA —Mark Valenzuela, Director of Intergovernmental Relations, NMFA
10:45 a.m.	REPORT ON THE CREDIT ENHANCEMENT ACCOUNT —NMFA Staff
11:30 a.m.	UPDATE ON GOVERNOR RICHARDSON'S WATER INNOVATION FUND —Angela Gonzales-Rodarte, Program Administrator, NMFA
12:00 noon	LUNCH
1:15 p.m.	PRESENTATION ON THE WATER EFFICIENCY TECHNOLOGY ACT —Representative Mimi Stewart —Beth Bardwell, Program Officer, Chihuahuan Desert Program, World Wildlife Fund
2:00 p.m.	GRIP UPDATE —NMFA Staff

2:45 p.m.

NEW MEXICO FINANCE AUTHORITY — PROPOSED
LEGISLATION

—Bill Sisneros, Executive Director, NMFA

—Mark Valenzuela, Director of Intergovernmental Relations, NMFA

4:00 p.m.

DISCUSSION OF OTHER PROPOSED LEGISLATION

—Senator Mary Kay Papen and Others

—Richard Rose, Bureau Chief, Construction Programs Bureau,
Department of Environment

5:00 p.m.

ADJOURN

**Minutes
of the
Special Meeting
of the
New Mexico Finance Authority Oversight Committee
Las Cruces, New Mexico
April 14, 2004**

The special meeting of the New Mexico finance authority (NMFA) oversight committee was called to order at 1:35 p.m. on April 14, 2004 by Representative Daniel P. Silva, chairman, at the farm and ranch heritage museum in Las Cruces. The committee operated as a subcommittee.

Present were:

Rep. Daniel P. Silva, chairman
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Sen. Mary Kay Papen
Rep. Henry Kiki Saavedra
Rep. Sheryl Williams Stapleton

Absent were:

Sen. Pete Campos, vice chairman
Sen. Manny M. Aragon
Rep. Donald E. Bratton
Sen. Don Kidd
Rep. Brian K. Moore
Rep. Earlene Roberts
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Rep. Raymond M. Ruiz
Sen. H. Diane Snyder
Rep. Don Tripp

Advisory members:

Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Sen. Leonard Lee Rawson
Rep. Edward C. Sandoval
Rep. James G. Taylor
Gonzales
Rep. Luciano "Lucky" Varela
Rep. Robert White

Rep. Jose A. Campos
Rep. Anna M. Crook
Sen. Dianna J. Duran
Sen. Joseph A. Fidel
Rep. Roberto "Bobby" J.

Sen. Stuart Ingle
Rep. Ben Lujan
Sen. Richard M. Romero
Sen. Bernadette M. Sanchez

Staff:

Jonelle Maison
Chase Van Gorder

Guests: The guest list is in the meeting file.

Bond Issuance for Transportation Projects Report — David Harris and Carlos Romero, NMFA; George Williford and Douglas Hartman, First Southwest Company; and Tom Church, Robert Ortiz, Andres Aragon Viamonte, Vince Martinez, Rey Romero and Larry Velasquez, NMDOT

Mr. Harris and others presented written testimony on the planned bonding program for transportation projects around the state and a status report on GRIP, which stands for Governor Richardson's investment partnership. (Handouts are in the meeting file.)

The legislature passed House Taxation and Revenue Committee Substitute for House Bill 15 in the 2003 special session. That bill increased state road fund revenue by approximately \$60 million per year to fund 47 high-priority transportation projects through bonding and pay-as-you-go. Per the bill, the state may borrow a total of \$1.585 billion in \$350 million annual increments to fund the projects. The 2004 bond issue, a combination of 2003 and 2004 authorizations, will be for \$700 million. The bill also authorized NMFA to issue the transportation bonds and provide debt management for the department of transportation (NMDOT). The legislature authorized the use of a wide range of debt structuring options to take advantage of economic and market conditions.

Revenue to pay for the GRIP program will come from increasing the weight distance tax on heavy trucks from one-third cent to a maximum of one and one-half cents per mile; increasing diesel fuel tax by three cents per gallon; increasing the average vehicle registration fee by \$12.50 per year; and increasing overweight fees on trucks. New Mexico's transportation bond ratings are among the highest in the nation, and the presentation to the bond rating agencies for the 2004 issue relied on conservative estimates of combined state and federal revenues to argue for the fiscal stability of the new program. The financing package was put together within the following state-imposed constraints: (1) no more than \$350 million will be authorized annually; (2) the program will be funded over a seven-year period; (3) only \$40 million of the estimated \$60 million in new revenue was used to calculate debt service payments, but the entire \$60 million is available as security; and (4) debt service cannot exceed the existing maximum annual debt service (\$122 million) plus an additional \$40 million, which makes a total debt service target of no more than \$162 million annually. The program will take advantage of interest rate swap structures, fixed and variable rates of financing and the refinancing of existing debt. The coverage calculation is quite strong, with approximately two and one-half times coverage using only state-generated funds and over four times coverage using all pledged revenues.

NMFA will provide debt portfolio management services to the state transportation commission and NMDOT, including debt service administration; accounting and financial reporting; arbitrage compliance, reporting and payments; investment services; and staffing required to administer the administration program. NMFA will be paid 25 basis points on the \$700 million issue, which is approximately \$17 million.

- ★ On questions from the committee, Mr. Harris said that this report was preliminary, and NMFA would need to give a full report to the committee after the bonds are issued in May.

The GRIP status report by NMDOT included the timetable for design and construction of the projects authorized in HTRC/HB 15. The department assured the committee that the department will complete the listed projects without requesting additional resources from the legislature.

Water Trust Board Project Report — David Harris and Carlos Romero, NMFA

Mr. Harris presented written testimony on the STB set-aside program (copy in meeting file). In 2003, the legislature passed a law to set aside 10 percent of severance tax bonding capacity for water projects authorized by the legislature. For 2004, \$12.5 million is available but the authorizing legislation failed to pass the senate. Mr. Harris reported that the attorney general's office had opined that absent a new authorization, the water trust board could continue to fund the water projects authorized in 2003. In light of its discussions with the attorney general's office, the water trust board has approved a little over \$12.5 million for regional water projects and watershed restoration and management projects that it had partially funded in 2003. Approved projects are for Gallup, Santa Fe, Espanola, Taos and Bloomfield, and Ute Creek, Claunch Pinto and San Francisco soil and water conservation districts (SWCDs). Several audience members supported the water trust board's action. Speakers were: Alicia Fitzgerald, Ute Creek SWCD; Bob Campbell, Bloomfield; Diedre Todd, Claunch Pinto SWCD; and Mary Campbell and Tuda Libby Crews, Ute Creek SWCD.

Although the committee did not have the quorum necessary to pass a motion, and any opinions expressed by members or the committee are not binding on the legislature, individual legislators expressed their support of the action taken by the water trust board. Senator Rawson, however, objected to the board's actions, noting that the law is specific in the requirement that projects be expressly authorized by the legislature. He further noted that by relying on a prior authorization in the face of the legislature's failure to pass a new bill, the board, and the legislators who concur with the action, are setting a dangerous precedent for the usurpation of legislative authority.

The members who expressed support were: Representatives Garcia, Irwin, Silva, Saavedra, Sandoval and Taylor and Senators Papen and Harden; opposed was Senator Rawson.

There being no further business, the committee adjourned at 4:35 p.m.

**of the
FIRST MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**June 3, 2004
Room 307, State Capitol**

Senator Mary Kay Papen, chair, called the first meeting of the New Mexico finance authority (NMFA) oversight committee to order at 10:10 a.m. on Thursday, June 3, in room 307 of the state capitol.

PRESENT

Sen. Mary Kay Papen, Chair
Rep. Daniel P. Silva, Vice Chair
Rep. Roberto "Bobby" J. Gonzales
Rep. Dona G. Irwin
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Sheryl Williams Stapleton
Rep. Don Tripp

Advisory Members

Rep. Jose A. Campos
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Rep. Ben Lujan
Rep. Patricia A. Lundstrom
Rep. Edward C. Sandoval
Rep. Luciano "Lucky" Varela

ABSENT

Sen. Manny M. Aragon
Sen. Pete Campos
Sen. Clinton D. Harden, Jr.
Sen. Don Kidd
Rep. Brian K. Moore
Rep. Earlene Roberts

Rep. Donald E. Bratton
Sen. Joseph A. Fidel
Sen. Leonard Lee Rawson
Sen. Bernadette M. Sanchez
Rep. James G. Taylor
Rep. Robert White

Staff:

Renée Gregorio, Legislative Council Service (LCS)
Janice McCrary, LCS

LCS staff presented a review of the proposed work plan and meeting schedule for the interim, which derived from consultation with the interim committee chair, Senator Papen. In addition to addressing the committee's statutory requirements to monitor

and oversee the operations of the NMFA and the border authority, the proposed work plan consists of nine other items. (See the meeting file for those proposed items.) To these nine original items, the committee added one more: to hear testimony throughout the interim on the progress of capital outlay reform. In relationship to items on the work plan related to the status of funding of Governor Richardson's investment partnership (GRIP) projects, the committee was informed that Brian Brooks of NMFA is the coordinator with the department of transportation on these projects. In response to the item related to studying the issues and needs of the colonias areas throughout the state, Secretary Jimenez, department of finance and administration (DFA), informed the committee that there is a set-aside for colonias areas under the community development block grant (CDBG) program. The committee was also notified that there is a border authority task force looking at colonias issues.

Secretary Jimenez, who is also serving as interim executive director of NMFA, advised the committee that the search for a new executive director of NMFA should be completed by mid-June. In response to a question, the secretary said that there are approximately 15 applicants for the position.

Secretary Jimenez added that he understands the need for enhancing relationships among the department of finance and administration, NMFA and other agencies as well as coordinating the funding of projects statewide. He said that Carlos Romero of NMFA would be working closely with the new director of the capital outlay division at DFA, Robert Apodaca, to ensure that communities have a single point of contact as well as ensuring that a "package solution" is made for entities seeking funding, with the goal of having projects fully funded with contributions from the community itself, the legislature and other appropriate funding sources.

In response to questions about the operating budget of NMFA, Mr. Romero stated that the board has discretion over the budget, and that after the board adopts the current proposed budget, NMFA will bring it to the oversight committee for review. Secretary Jimenez added that although NMFA does not operate the same way as a state agency, it does have DFA's advisement in that the staff reports to the full board on budget and expenses and it is subject to the Audit Act.

Senator Garcia asked what resources are available for infrastructure needs in the colonias areas of the state. Secretary Jimenez replied that there are CDBG set-asides for colonias. Mr. Romero stated that NMFA works with the New Mexico department of agriculture on funding for colonias projects.

During the ensuing discussion, committee members expressed concern over funding for the north and south valley sewer and water projects funded in Albuquerque and surrounding areas and proposed looking at this funding in detail at a future interim meeting, including receiving a detailed accounting of expenditures thus far. A request was also made to invite representatives from New Mexico's congressional

delegation to this meeting.

Representative Varela inquired about the governor's water innovation fund. Secretary Jimenez offered that \$10 million was appropriated in this year's capital outlay bill to build on initial successes with water projects and to identify innovative models to be used as pilot water projects to benefit the state. Committee concerns included questions on who is responsible for developing criteria for these projects as well as who received the letter of interest.

At the special meeting of the NMFA oversight committee called on April 14, 2004, the committee heard testimony from David Harris regarding the STB set-aside program and the actions of the water trust board in approving the continuation of funding for several 2003 projects. Because the authorizing legislation in 2004 did not pass the senate, Mr. Harris sought support from the committee for the water trust board's decision. At that April meeting, a quorum was not present, although several members expressed support for the board's action. The projects amount to approximately \$12.5 million and cover regional water projects as well as watershed restoration and management projects. Senator Snyder questioned how much of the watershed restoration was going to salt cedar eradication and expressed reservations if the money was being used for this purpose. She also requested a report that would answer this question. The committee then voted unanimously to support the use of funding for these specified projects.

Mr. Romero reported on the progress of the GRIP program. Under the leadership structure for the program, NMFA issues all GRIP bonds, acts as the paying agent on all GRIP debt, manages the department of transportation's (DOT) debt program and calculates the monthly net debt service payment requirements from DOT. The DOT is responsible for the construction, maintenance and operation of all projects and also manages state and federal revenues for the projects.

In addition, Mr. Romero reviewed the bonding goals of the GRIP program, which include funding the program entirely through the issuance of bonds and pay-as-you-go projects as well as maintaining senior lien ratings. Mr. Romero pointed out the existing and new lien structures, adding that New Mexico was the first state to institute GARVEE debt and one of the first to execute the new lien structure. He reviewed the program's financial tools, including both fixed and variable new money bonds and the restructuring of bonds. He reported that the NMFA is working closely with the state transportation commission on all GRIP projects. Mr. Romero reviewed the coverage ratio, which is quite high, resulting in a very good bond rating.

Committee members questioned the current status of the rail system project between Albuquerque and Santa Fe and suggested that Secretary Faught be asked to present a status report to the committee.

In response to a question on whether NMFA is being conservative in terms of projecting what the federal government contribution would be, Mr. Romero replied

that NMFA takes the most conservative approach, and that in making federal projections it used the smallest amount possible as federal contribution.

NMFA staff agreed to send out a listing of the 40 projects prioritized and being funded under the GRIP program through HTRC Substitute for House Bill 15, as amended, passed during the first special session of 2003.

The committee adjourned at 12:45 p.m.

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**MINUTES
of the
SECOND MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE
July 1, 2004 - Taos
July 2, 2004 - Espanola**

The second meeting of the New Mexico Finance Authority (NMFA) Oversight Committee for the 2004 interim was called to order by Representative Daniel P. Silva, vice chair, at 10:15 a.m. on July 1 at the request of the chair, Senator Mary Kay Papen, in the Rio Grande Room of the Taos Convention Center in Taos.

Present

Sen. Mary Kay Papen, chair
Rep. Daniel P. Silva, vice chair
Rep. Roberto "Bobby" J. Gonzales
Sen. Clinton D. Harden, Jr. (July 1)
Rep. Earlene Roberts
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Rep. Sheryl Williams Stapleton

Absent

Sen. Pete Campos
Rep. Dona G. Irwin
Sen. Don Kidd
Rep. Brian K. Moore
Sen. Shannon Robinson
Sen. H. Diane Snyder
Rep. Don Tripp

Advisory members

Rep. Jose A. Campos
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Rep. Ben Lujan
Rep. Patricia A. Lundstrom
Rep. Harriet Ruiz
Sen. Bernadette M. Sanchez
Rep. Edward C. Sandoval
Rep. Luciano "Lucky" Varela
Rep. Robert White

Rep. Donald E. Bratton
Rep. Anna M. Crook
Sen. Joseph A. Fidel
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Sen. Leonard Lee Rawson
Rep. James G. Taylor

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Janice McCrary
Kathleen Dexter

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Thursday, July 1 - Rio Grande Room, Taos Convention Center

CALL TO ORDER AND WELCOME

Representative Silva turned the meeting over to Representative Gonzales for introductions and welcome comments given by Bobby Duran, mayor of Taos; Charlie Gonzales, mayor of Questa; and Don Francisco Trujillo, Taos County commissioner.

INFRASTRUCTURE NEEDS IN TAOS AND SURROUNDING AREAS

Mayor Duran, Mayor Gonzales and Commissioner Trujillo were joined by Tomas Benavidez, assistant county manager and county attorney, for a detailed presentation on infrastructure needs in the greater Taos area, where extensive growth has put a strain on existing water and wastewater systems. Projects listed in the town of Taos five-year priority capital improvement plan include a biolarium advanced wetlands wastewater treatment system; replacement of deteriorated wastewater lines; a dissipation structure for one of the town's large drainage channels; a 500,000 gallon pressure tank; a new well near the airport to meet firefighting and water supply needs west of town; and renovation of existing water facilities to meet federal arsenic standards. Major infrastructure needs in Taos County include a joint town-county judicial complex, a relief route, upgrades in emergency medical services and upgrades in all public facilities to meet handicapped-access standards set by the Americans with Disabilities Act of 1990. Unlike the projects planned for both the Town and County of Taos, projects currently under way in Questa have already been funded through a combination of state sources, including the NMFA, the community development block grant, the governor's water innovation funding project and legislative appropriations. Like Taos, Questa is developing a biolarium for wastewater, and its list of current projects primarily focuses on upgrading old water lines and storage tanks.

In general discussion among the committee members, it was noted that MolyCorp shares some responsibility for water quality in the Questa area, and its pledge of \$500,000 is insufficient to fund necessary improvement projects; Taos County could save money by bringing certain functions in-house, such as solid waste disposal; and regional detention facilities and privatization could save counties money on prisoner detention and transportation.

NMFA FUNCTION AND STRUCTURE

Bill Sisneros, executive director of the NMFA, and Carlos Romero, intergovernmental relations director for the NMFA, gave an overview of the statutory charge of the agency, projects it is funding statewide and challenges it faces. The amount of projects funded through the NMFA nearly tripled in a single year, rising from \$600 million to \$1.6 billion, and the agency is running out of loan capacity in certain programs. Because of market fluctuations, the NMFA can no longer set bond rates six months in advance, as it has done in the past, and must now set them only 90 days in advance. Given both of these situations, a "reimbursement hole" has been created in the NMFA's base fund, which is beginning to erode. Unless this trend changes, there is a possibility the agency will have to stop funding future projects.

In discussing the list of specific projects approved for funding by the NMFA board for fiscal year 2005, committee members brought up the concern that certain areas of the state, such as the south valley of Albuquerque, might not be fully represented when NMFA funding decisions are made. Mr. Romero described the NMFA's process for making those decisions and stated that the NMFA has plans to develop a centralized, one-stop application procedure for all state funding sources in an effort to better assist small and underserved communities.

UPDATES ON GRIP FINANCING PROGRAM, WATER TRUST BOARD AND WATER AND WASTEWATER PROJECT GRANT FUND

Brian Brooks, director of Governor Richardson's investment partnership known as "GRIP", gave a presentation on the NMFA board's approval of three investment broker-dealers for managing NMFA funds, recent market trends and federal actions that affect the NMFA. In the short term, the NMFA's debt service payments will decrease following the rise in treasury yields imposed by the federal reserve on the day prior to the meeting, saving the state approximately \$3 million per year. The same federal action, however, will also raise the cost of future NMFA bond issues. In general discussion, committee members requested monthly progress reports on Department of Transportation (DOT) projects and copies of the DOT's drawdown schedule, which is currently being revised to match bond maturity schedules and to prioritize by project readiness.

Angela Gonzales-Rodarte, program administrator for the NMFA, presented a time line proposed by the Water Trust Board (WTB) for its FY 2005 funding application process. On questions from the committee, Ms. Gonzales-Rodarte explained that annual reapplication is required by statute, both to ensure project accountability and as an acknowledgment that funding may not be available every year. In general discussion among committee members, it was noted that the NMFA needs to hire additional personnel to provide technical assistance to applicants.

Tony Duran, financial advisor for the NMFA, gave an update on projects funded through the Water and Wastewater Project Grant Fund. He described the grant funding calculation process, which takes into account median household income, local bonding capacity and local contribution. On questions from the committee, Mr. Duran explained that median household income is derived in segments as small as census tracts and that allowance is made for severe economic downturns that might render census data inaccurate.

APPROVAL OF THE MINUTES

Chairwoman Papen asked if the members had had an opportunity to read the minutes and called for any changes or corrections. Being none, the minutes were approved as written.

PUBLIC COMMENT

John Painter, board member for the El Prado Water and Sanitation District, gave a presentation on the district's need for grant funding as it has nearly reached its

maximum loan capacity. The district needs to expand its system and also has legal expenses to pay from the regional Indian water rights settlement.

The committee recessed at 3:45 p.m. for a tour of the Taos Pueblo war chief watershed restoration project, which was funded through the WTB.

Friday, July 2 - Espanola City Council Chambers

RECONVENE AND WELCOME

The second day of the meeting of the NMFA Oversight Committee convened at the Espanola City Council Chambers. Chairwoman Mary Kay Papen called the meeting to order at 10:10 a.m. and requested that Speaker Ben Lujan preside.

Mayor Richard Lucero, Espanola, welcomed members to Espanola and gave a historical overview of the settlement of the area. These cultural communities have worked to retain their identities and autonomy, making it challenging to join hands to create regional projects. Currently, there are five separate and distinct governments that must work together in the Espanola area: San Juan Pueblo, Santa Clara Pueblo, Rio Arriba County, Santa Fe County and Espanola. They have been unable to reach agreement on the creation of a regional water facility and indicated they would like to see it created legislatively. Mayor Lucero indicated there is not enough money in the legislature to solve the local problems and that Espanola has been successful in acquiring \$3 million of federal funding for planning.

The Espanola valley has 17 community water associations. Currently, there is a voluntary collaboration of the water associations. However, they have no authority to act on behalf of a regional water system. Mayor Lucero believes that it would take two to three years to complete the first phase, known as the Cordova project, but there have been problems in crossing tribal lands. The remainder of the project would be undertaken community by community and could be complete within five years once all agreements are in place. Mayor Lucero stated that the increasing issues with water are creating a greater urgency to bring communities to the table.

UPDATE ON RAIL PROJECT

Secretary Rhonda Faught, DOT, introduced Mr. Lawrence Rael, executive director of the Mid Rio Grande Council of Governments and explained that the commuter rail project has been undertaken as a partnership with this organization. She turned the podium over to Mr. Rael to brief the committee on the rail project.

Mr. Rael stated that the commuter rail project is envisioned to operate on existing rails between Belen and Santa Fe. The first phase of the project would be from Belen to Bernalillo. Phase 2 would be from Bernalillo to Santa Fe. Mr. Rael presented demographics regarding the volume of cars currently commuting and how the commuter rail could alleviate some of the highway congestion currently existing.

Project development, including design and engineering, is estimated to be \$4 million.

Phase 1 is estimated to cost \$75 million and is part of GRIP. A portion of needed funding has been received for this project. Creation of public/private partnerships for investment are being explored.

A question and answer period ensued. Mr. Rael differentiated commuter rail from light rail, saying that commuter rail runs on heavier track with limited stops. The trip from Belen to Bernalillo is 46 miles. Phase 2 is approximately 36 months out. Secretary Faught was questioned as to whether GRIP includes any proposed funding for Phase 2. According to Secretary Faught, GRIP has allocated \$200 million of these funds toward Phase 2. Ms. Faught also fielded questions regarding needed subsidies for operation of this project. She stated that all public transportation requires subsidies but that the regional transit district, once established, will be able to impose a .5 cent gross receipts tax to pay for operations. The regional transit authority for the Bernalillo area is expected to be in existence by the end of summer. Ms. Faught also explained that many communities use reversible highways to alleviate congestion but that this is not possible on interstate highways. Mr. Rael, in response to a question, stated that there is a planned connection to the Albuquerque Sunport that may be a combination of a train stop and a short bus commute — a true inter-modal approach.

The issues of marketing the benefits of riding public transportation were discussed. Changing the habits of current drivers would have to happen. The estimated cost of a one-way trip is estimated to be \$1.50 - \$2.00. Additionally, there are initiatives being undertaken to ensure a local, trained work force. Secretary Faught described that there is current legislation pending at the federal level that would provide \$3 million in planning money to the state. Chairwoman Papen requested that staff write a letter in support of this legislation on behalf of the committee.

ADJOURNMENT

The meeting adjourned at 12:30 p.m. for a tour of the San Juan-Chama diversion project.

**MINUTES
of the
THIRD MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**August 12-13, 2004
Gallup**

The third meeting of the New Mexico finance authority (NMFA) oversight committee was called to order by Senator Mary Kay Papen, chair, at 10:18 a.m. on Thursday, August 12, in the McKinley county courthouse's commission chambers in Gallup. Senator Papen immediately handed over the gavel to Representative Patricia A. Lundstrom, who served as chair of the meeting.

PRESENT

Sen. Mary Kay Papen, chair
Rep. Daniel P. Silva, vice chair
Sen. Kent L. Cravens
Rep. Roberto "Bobby" J. Gonzales
Rep. Brian K. Moore
Sen. Shannon Robinson (August 12)
Sen. Nancy Rodriguez (August 13)
Rep. Henry Kiki Saavedra

ABSENT

Sen. Pete Campos
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Earlene Roberts
Sen. H. Diane Snyder
Rep. Sheryl Williams Stapleton
Rep. Don Tripp

Advisory Members

Rep. Anna M. Crook
Rep. Mary Helen Garcia
Rep. Patricia A. Lundstrom
Rep. Harriet Ruiz
Rep. Edward C. Sandoval
Rep. Luciano "Lucky" Varela
Rep. Robert White

Rep. Donald E. Bratton
Rep. Jose A. Campos
Sen. Dianna J. Duran
Sen. Joseph A. Fidel
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Sen. Don Kidd
Rep. Ben Lujan
Sen. Leonard Lee Rawson
Sen. Bernadette M. Sanchez
Rep. James G. Taylor

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Janice McCrary
Renée Gregorio

Guest Legislator

Senator Lidio G. Rainaldi

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Thursday, August 12**INFRASTRUCTURE NEEDS**

After the committee and audience members introduced themselves, Mayor Bob Rosebrough welcomed the committee to Gallup and presented Senator Papen with a key to the city, whose qualities and infrastructure needs he then delineated. Mayor Rosebrough described Gallup as being aggressive in terms of both new programs and the meeting of infrastructure needs and conservative in fiscal spending. He spoke of the exemplary tricultural heritage of the city, which comprises a population of 34 percent Native American, 33 percent Hispanic, 29 percent Anglo and 5 percent other. Because of the city's recent water rate increase, the mayor indicated that wastewater treatment needs will be met. He added that a settlement agreement for the Navajo-Gallup water supply project is quite close, with Gallup's piece being small, yet strategic. The city will receive water and distribute it east, west and south to the Navajo chapters; Gallup will also be responsible for approximately 25 percent of the costs for this project. Other area needs include reconstruction of the Munoz overpass, improvements on arterial routes and park improvements. Many of the city's water system and equipment needs have been met with loans from NMFA. In response to legislative questions regarding the response of residents to the water rate increase, the mayor said that the increase caused difficulty, but the city needed to secure the future of water resources; he added that New Mexico first helped greatly by sponsoring town hall meetings on the issues. The committee asked for and was provided with a listing of water rates for Gallup. Discussion ensued related to the *Zuni* lawsuit, student attendance and transportation issues. Senator Rainaldi indicated that the lawsuit is currently in the tenth circuit court of appeals in Denver and is not yet settled.

Doug Decker, McKinley county attorney, spoke on behalf of Harry Mendoza, chairman of the McKinley county commission, on infrastructure needs, noting that the county's needs are fairly aligned with the city's. Improvements to roads and buildings for law enforcement are primary. There is also the need to expand the metro dispatch authority that has already been created. Mr. Decker thanked the committee, legislature and NMFA for passing legislation that allows for the infrastructure gross receipts tax benefit. With revenue generated from the tax, the county was able to work with NMFA and the private market to attain and apply for needed financing for the courthouse project as well as for revitalization of the downtown Gallup area. The old courthouse will be preserved for its historic nature and be used for the district attorney and other offices.

David Ulibarri, Cibola county manager, gave the committee an overview of infrastructure needs in the various areas of Cibola county, including Fence Lake, El Morro, San Raphael, Cebolleta, Bluewater Acres, San Mateo, Bluewater Village, Pueblo of Acoma, Ramah Navajo, Milan and Grants. Mr. Ulibarri indicated that the most crucial needs in Cibola county are for good quality water and road improvements. Other top priorities for the county include property acquisition and a new building for the district courts, a county facility, building renovation for the courts and a detention facility for Ramah Navajo. (See handout for more details and projects included as priorities.) In response to a question on the need for regionalization to meet area needs, Mr. Ulibarri reported that the county worked closely with the area council of governments to formulate a regional plan to address water and wastewater needs. Another issue that Mr. Ulibarri brought forth was the purchase of area ranches by Native Americans, which affects the county because that land is no longer taxable.

Other Gallup notables who then came forth included George Galanas, a judge and former state legislator; Harry Mendoza, chairman, McKinley county commission; Eric Honeyfield, city manager; and Ben Welch, city of Gallup. After Judge Galanas discussed DWI problems in the area and pointed out the need for a camera system to assist in apprehending offenders, he vehemently suggested that the legislature needs to do something about taking offenders off the roads. He added that counties need tools and officer training to help alleviate the problem of drunk driving and the often fatal results of this behavior. Discussion followed in which legislators pointed out that treatment centers are needed and that the entire process must be reviewed, from arrest to detention to treatment. Senator Cravens quoted Platonic theory by adding: "Law can't exist if any individual has the privilege of ignoring it," and pledged to work toward creating needed legislation.

CAPITAL OUTLAY PROCESSES

Jeff Kiely, deputy director of the northwest New Mexico council of governments (COG), addressed the committee on the importance of strategic planning in determining and succeeding in funding infrastructure needs. These ideas were presented by the COG at the Navajo Nation infrastructure conference. Models and specific outlines were provided for planning as well as a rating sheet that assists entities in determining project readiness. Entities are also guided in determining overall funding needs and possible funding sources. In response to discussion, Carlos Romero, formerly of NMFA, noted that receiving planning funds is often the biggest hurdle, especially funding regional planners. In response to a question, Mr. Kiely indicated that COGs could certainly assist entities in accomplishing feasibility studies.

Discussion ensued regarding the capital outlay process and its dysfunction. Representative Varela strongly suggested that capital outlay budgeting needs to be organized and regulated in statute. He proposed forming a standing committee for capital budgeting as well. Although a quorum was not present for the meeting, the members who were present voted unanimously in support of this idea. Representative Varela added that defining the role of the legislature in terms of the capital process is crucial.

Karen White, superintendent of the Gallup-McKinley county schools, addressed the committee on the issue of housing for teachers, a crucial problem in this largest land mass school district in the country. The district has worked with NMFA on funding issues for "teacherages";

the first teacherage was built in Thoreau. Units are being built with impact aid funds to accommodate teachers at reasonable rents and to help keep teachers in the area. In response to questions, Ms. White reported that teachers could never own these homes; they are all being built on leased Navajo land.

Beth Miller, executive director, UNM-Gallup, explained the capital outlay process that the university undergoes each year, indicating the steps taken to ensure that projects receive funding. She reported that in recent years, higher education institutions have not received capital outlay appropriations in years in which a general obligation bond bill is not introduced. Ms. Miller remarked that UNM-Gallup is a comprehensive community college; half of its business is in work force development and is technical in nature. She added that the college needs to establish courses in business development. A problem brought forth by Ms. Miller is in relationship to the prioritizing process that the commission on higher education (CHE) employs. She said that it is unclear how projects end up on CHE's list and that there is no communication or follow-up from CHE after project needs are set forth by the college. After much discussion about the need for communication between CHE and its institutions, the committee requested staff to draft a letter to CHE expressing concern over the lack of communication and sharing of information, stating that the approval process needs to be made clearer and communication channels need to be opened.

Stan Henderson, director of public works in Gallup, explained the methods he uses to gather together the infrastructure needs of the city to present to the city council. He mentioned that the local government division used to provide cost estimate guidelines to municipalities for roads and utilities, but it does not do this anymore. Mr. Henderson added that inadequate funding is often a problem, leaving the city with the decision on whether to accept or reject appropriated money that may not be enough to get the project done. He told the committee that much regional planning and working together to prioritize projects takes place between the cities of Gallup and Grants and the counties of McKinley and Cibola; what they need from the legislature is a commitment to fund the number one priority that is determined in this regional planning process.

THE GALLUP REGIONAL WATER SYSTEM: AN UPDATE

Lance Allgood, executive director of joint utilities for Gallup, gave a summary of the Navajo-Gallup water supply project, a \$490 million project to bring a sustainable water supply from the San Juan river to certain Navajo communities, the Jicarilla Apache Tribe, the city of Gallup and Navajo chapters. Mr. Allgood explained the project's four phases; funding has come from various sources, including the water project fund, legislative appropriations and federal appropriations. He indicated that from application through construction on a typical project takes approximately three years. He stressed that the process involved in funding this project has been a partnership — with the state, the city of Gallup, Indian health service, the Navajo department of water resources, the Navajo tribal utility authority, the bureau of reclamation and the northwest New Mexico COG — with the intent of finding a way to equitably share the area's water supply, building both infrastructure and relationships for this to happen successfully.

THE WORKINGS OF NMFA'S PUBLIC PROJECT REVOLVING FUND

Bill Sisneros, executive director of NMFA, spoke about how the authority processes

requests to meet the requirements set out in statute that relate to improving the long-term planning, assessment and financing of state and local capital needs and assisting the executive, legislative and local governments in financing public projects. Mark Valenzuela, the new director of intergovernmental relations at NMFA, gave an overview of the authority's main program, the public project revolving fund (PPRF). The fund was designed to assist a wide range of municipal credits in accessing capital markets and to provide flexible loan structures. Mr. Valenzuela indicated that projects come to NMFA from several sources, but mainly from repeat borrowers. He added that NMFA has a basic test of assessment that asks if an entity is eligible and if it has revenue that can be pledged. Once an entity gets through the initial assessment, a list of projects is generated, which is presented to the NMFA board of directors before becoming part of the authorization bill for PPRF, which then goes before the oversight committee and then the full legislature. Once a project is authorized by the legislature, it moves into the credit and financing process at NMFA, where staff looks more closely with the entities to determine their capacity to take on a loan.

Marguita Russel, chief of programs at NMFA, explained that NMFA then assigns a financial analyst to look at an entity's ability to repay a loan, taking into consideration future revenue streams and historical data. If staff makes a positive recommendation for a project based on this research, then generally the board approves the project, she added. NMFA funds the loan and then goes to market for reimbursement bonds. Ms. Russel said that on the 387 loans made to date there have been no defaults. In response to a concern about NMFA rates, Mr. Sisneros indicated that this is a legitimate concern with general obligation bonds and this is a policy issue that needs to come before the oversight committee. Representative Gonzales asked how a new project would be handled in terms of financing, to which Ms. Russel responded that NMFA looks at the security of the revenue stream and that new, unproven streams have more tests to go through, but that NMFA turns away very few applicants.

Ms. Russell delineated reasons why an authorized project might not be completed, including that the entity is unable to meet the requirements of the loan, the entity chooses alternative financing or the project is simply not ready. She added that in 2004, although the authorization bill for the water and wastewater project grant fund was signed into law, no additional appropriation was added for that fund. While only \$6 million remained in the fund, the bill authorized over \$300 million in projects. She also discussed the portion of the governmental gross receipts tax that NMFA receives, an amount that has grown from \$9 million in 1992 to \$17 million this year, a 93 percent increase.

In the ensuing discussion, suggestions were made by committee members to find a way to bring all funding sources together so that projects can be fully funded, with NMFA guiding this process. Mr. Sisneros indicated that NMFA is looking at this idea of "one-stop shopping" with a central databank on financing tools, creating a uniform application process for entities. In response to a question on how NMFA determines priorities, Mr. Sisneros remarked that there is no criteria at the present time; all requests are taken in and treated based on the capacity to repay loans. He added that to move into a broader-based economic development arena, such criteria will need to be developed. Some concern was expressed about not forgetting the smaller community projects and water and wastewater issues in those communities.

The committee recessed at 5:50 p.m.

Friday, August 13

NMFA REPORT CONTINUED: GOVERNOR'S WATER INNOVATION FUND AND GRIP REPORT

Senator Papen, chair, reconvened the committee at 9:15 a.m. Mark Valenzuela reviewed the governor's water innovation fund, which was created to identify opportunities to improve water supplies and water quality throughout New Mexico. He reminded the committee that \$10 million was appropriated during this past legislative session from non-recurring general fund money. He added that the department of finance and administration (DFA) sent out letters soliciting interest; entities are required to submit proposals by August 18. These projects differ from those funded by the water trust board in that they are near-term applied science projects to be completed within six to 18 months. In response to a question about whose expertise is being used to determine if proposals are valid, Mr. Valenzuela said that a committee has not yet been defined for this purpose, but that NMFA will have a seat on such a committee. Legislators expressed concern over the makeup of this committee, saying that experts and scientists are needed to ensure that projects are not simply "feel-good" projects. Mr. Valenzuela promised to give the oversight committee an update at the next meeting on proposals submitted and on any other progress made. He added that projects will likely be selected by mid-October.

Much concern was expressed over the capital process because legislators were surprised that this \$10 million appropriation was part of the capital package. Committee members suggested that the governor should be asked to follow the same process regarding deadlines for submitting capital requests as the legislators. After it became evident that many members wanted to discuss capital outlay, committee members requested that a day be set aside strictly for this purpose. Although a quorum was not present at this meeting, all voting members present unanimously approved the request for an extra meeting day to discuss capital issues.

Keith Mellor, chief financial officer at NMFA, gave a financing update on GRIP and discussed the roles of NMFA and the department of transportation (DOT). While NMFA handles issuance of all GRIP bonds, acts as paying agent on GRIP debts, manages the DOT debt program and calculates monthly net debt service payment requirements, the DOT is responsible for all construction and maintenance on projects and for managing state and federal revenues for debt service payments. Mr. Mellor indicated that GRIP has \$700 million in new money available and \$400 million issued to refund outstanding debt for DOT. He added that NMFA looks for opportunities in the market to make a profit on escrow, without taking undue market risk, noting that the purpose of GRIP is not to make money, but for money to be available to DOT when needed.

After discussion, Mr. Mellor agreed to provide the committee with details not only on drawdowns for GRIP, but on project specifics. Because of arbitrage issues, which essentially means the federal government will not allow an entity to issue tax-exempt debt and then turn around and make money on that debt, Mr. Mellor explained how NMFA works with the arbitrage schedule to ensure compliance. He added that NMFA has an arbitrage red flag system so it knows if arbitrage is due. Representative Varela requested that a monthly report be done by

project for both the legislative finance committee and NMFA; Mr. Mellor agreed to send this report out.

THE NAVAJO NATION CAPITAL OUTLAY PROCESS

Chavez John, Navajo Nation community development director, reported on changes within the Navajo Nation regarding improving the joint powers agreement (JPA) process, the management of projects and ensuring project readiness. (See handout for a JPA timeline on current projects.) He said that projects seeking funding are first submitted to his office for screening, then move on to the county for funding recommendations. In this year's legislative session, 26 projects were recommended in this fashion and of those 16 were considered by the legislature. This process has been put in place to ensure that only projects that were ready to begin were submitted. Mr. John added that the Navajo Nation is developing its own infrastructure capital improvement plan (ICIP) process consistent with DFA's ICIP process already in place. He stated that there is pending legislation in front of the Navajo Nation council to approve a capital planning element; this would represent the first time that a multi-year capital plan could be put into place. This year, 37 chapters participated in the ICIP process, up from 23 chapters last year, he noted.

Michelle Brown-Yazzie, deputy cabinet secretary, Indian affairs department, spoke about the importance of pre-planning and coordination of budgeting for the Navajo Nation's process. She added that the processing of JPAs with the nation often takes three to four months due to the unique 24-step process. It is different with tribes, she said, in that their JPAs are processed in only a few weeks. Ms. Brown-Yazzie also noted that the department is creating a capital unit to help with technical issues related to capital outlay projects that occur. Some considerations for change include streamlining the JPA process so that there is only one per tribe, which is amended for each project, she said. Another idea is to enter into a direct-pay process, where the state would pay vendors and contractors rather than routing the money through the nation, she reported.

REGIONAL PLANNING ORGANIZATION PROCESS

Bob Wildoe, regional planner with the northwest New Mexico COG, explained the responsibilities of the regional planning organization, focusing on coordination, technical assistance and resource support for transportation projects. He described the ways in which the organization helps promote interaction between local and tribal governments, conducts outreach related to transportation, provides staff for the regional transportation program and the policy and technical committees, and disseminates transportation information. The organization also develops the annual regional transportation improvement program recommendations that could then be included in the state's transportation improvement plan. Discussion ensued in which it was noted that the intention of GRIP was to fund highway maintenance projects, but that this is not what is happening with GRIP funding. Also noted was that legislators are never informed of the current costs for specific transportation needs.

GREATER GALLUP AFFORDABLE HOUSING

Rhonda Berg, executive director of Rehobeth-Red Mesa foundation, explained that the foundation had an opportunity to contribute to the housing issue by donating 800 acres east of Gallup. She said that the property's master plan involves five centers, including a medical

district, neighborhood center, a residential village and rural residential community property. The foundation is in the process of obtaining approvals from the local government, she added.

ECONOMIC DEVELOPMENT IN GALLUP

Herb Mosher of the economic development center in Gallup spoke regarding the idea of forming a one-stop shop in Gallup for economic development concerns, adding that a facility is needed to actually bring all resources into one building. He explained that the players include the northwest New Mexico COG, the Gallup-McKinley county chamber of commerce, McKinley development foundation, adventure Gallup and beyond corporation, Gallup small business development center, the state's economic development department, the city of Gallup development commission, northwest New Mexico community development corporation and the workforce training institute. Senator Cravens suggested that the center look at the economic advantage of attracting dentists to the local market as well as the possibility of integrating a distance education program at the UNM campus. In response to a question about conference business in the area, Mr. Mosher said that it fluctuates, mainly due to the lack of a commuter airline and a convention center, but noted the downtown Gallup mall is being completed, which should help.

The meeting was adjourned at 12:30 p.m.

MINUTES
of the
FOURTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE
September 20-21, 2004

The fourth meeting of the New Mexico finance authority (NMFA) oversight committee was called to order by Senator Mary Kay Papen, chair, at 10:10 a.m. on Monday, September 20, at the Mesilla community center. Mayor Michael Cadena of Mesilla welcomed the committee to the community.

PRESENT

Sen. Mary Kay Papen, chair
Rep. Daniel P. Silva, vice chair
Rep. Dona G. Irwin
Rep. Brian K. Moore
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra

ABSENT

Sen. Pete Campos
Sen. Kent L. Cravens
Rep. Roberto J. "Bobby" Gonzales
Sen. Clinton D. Harden, Jr.
Rep. Earlene Roberts
Sen. H. Diane Snyder
Rep. Sheryl Williams Stapleton
Rep. Don Tripp

Advisory Members

Rep. Donald E. Bratton
Rep. Anna M. Crook
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Sen. Leonard Lee Rawson
Rep. Harriet Ruiz
Rep. Edward C. Sandoval

Rep. Jose A. Campos
Sen. Dianna J. Duran
Sen. Joseph A. Fidel
Sen. Stuart Ingle
Sen. Don Kidd
Rep. Ben Lujan
Rep. Patricia A. Lundstrom
Sen. Bernadette M. Sanchez
Rep. Luciano "Lucky" Varela
Rep. Robert White

Staff

Renée Gregorio
Liz Holmes

Guest Legislators

Senator John Arthur Smith
Representative William "Ed" Boykin

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Monday, September 20, Mesilla Community Center**INFRASTRUCTURE NEEDS AND NMFA CHECK PRESENTATION**

Mayor Cadena gave a brief history of Mesilla, noting that it is a place concerned primarily with preserving both history and agriculture. He expressed gratitude to the legislature for assistance, especially regarding improvements to water systems.

Mayor William Mattiace of Las Cruces discussed the city's top three infrastructure priorities: El Molino reconstruction, Reynolds drive improvements and downtown revitalization. He added that the needs of the city are focused on drainage, roadway and septic system improvements. Robert Garza, acting assistant city manager, addressed the city's ongoing projects and provided the financial status of all projects funded with legislative appropriations. He also presented project summary sheets for the city's projects as listed on the infrastructure capital improvement plan (ICIP) with the department of finance and administration (DFA).

The NMFA presented the village of Mesilla with a check representing a \$400,000 emergency grant from the water and wastewater project grant fund for water projects to hook up residents to the city's system.

Brian Haines, county manager for Dona Ana county, reported that the need for drainage and flood control, particularly in the Vado del Cerro area, led the board of county commissioners to make this a critical county initiative. The resolution drafted by the board recommends that the Vado del Cerro community be the initial model colonia community for the United States department of housing and urban development's (HUD) model colonia initiative. Mr. Haines also provided a ranking analysis sheet for each colonias area in the county, where it is easy to see what areas have the most pressing need. (See the handout for Dona Ana county, "2004 Recipe for Transformation", for details on these colonias areas.) Oscar Butler, Dona Ana county commissioner, added that the county and the mutual domestic water consumer associations (MDWCA) often partner up to deliver water and wastewater services in the 37 colonias areas. Both representatives for the county stressed that with the growing population there is a need for two distinct systems; they added that the project proposed is regional in nature and that community acceptance is needed for its success.

Mike Nivison, village administrator for Cloudcroft, summarized the state of the water emergency in that village. He said that the village is working closely with NMFA and the department of environment (DOE). He spoke of the short-term and long-term solutions to this problem, the short-term solution being to haul water and the long-term to fix the water supply problem entirely. He added that the village has drilled over 20 wells and three more are currently underway, using up the entire year's budget. Mr. Nivison noted that the area has also been subject to forest fires, with 120 structures lost and the watershed destroyed. He expressed

his frustration at the inability to get water to the people of the village. He spoke of forest restoration efforts (see handout, "Evaluating Forest Restoration Opportunities on the Lincoln National Forest") but noted that federal constraints exist. He advised that Cloudcroft needs immediate help. In response to a question on the watershed, Mr. Nivison responded that the forested areas need to be assessed and then treated as an ecosystem, much like total body health, and that meadows need to be opened up again and all the land managed and maintained. He noted that the long-term solution is to go to where the water is, which is not Cloudcroft, which means solving the problem regionally.

Mayor Cadena of Mesilla presented the needs of his village, citing two projects—a public safety building and street improvements.

MUTUAL DOMESTIC ASSOCIATION ISSUES

Richard Rose, bureau chief, constructions programs bureau, DOE, reported that there are over 600 community water systems in the state, of which over 200 are MDWCAs born under the Sanitary Projects Act. He noted that this act originated in 1947 for the primary purpose of getting safe drinking water to communities. He stressed that the act no longer meets current needs and challenges, especially in regard to regionalization and mergers. In the last legislative session, a bill was introduced to amend the Sanitary Projects Act but it died in committee. Mr. Rose indicated that DOE will submit the bill again; he added that the changes are mainly cleanup in nature.

Matt Holmes of the rural water association spoke of MDWCAs being the life blood of rural communities. He explained that the nature of MDWCAs is complicated because they are quasi-public entities; in some unincorporated areas they are the only local governing body, but are unregulated by federal or state governments. In response to a question on whether MDWCAs are being asked by the executive for their top three priorities, Mr. Holmes replied that some have been informed, others not.

Mariano Martinez of the Dona Ana MDWCA reported on the north valley regional water and wastewater projects, emphasizing the immense growth in these areas. Five water systems have banded together to jointly address ground water resources related to drought and septic tank contamination in the north valley. He added that the group is looking at ways to reuse effluent water for farming and irrigation as well as replacing 6,000 septic tanks. He said that there are 2,500 new connections within the Dona Ana MDWCA's service area and that this figure will double within two to three years. He noted that the project of constructing a wastewater collection system, a wastewater treatment plant and a surface water treatment plant will benefit more than 18,000 residents and will total \$37 million. In response to a question about whether it would be beneficial for the north valley area to connect with the city of Las Cruces, Mr. Martinez indicated that the rates the city quoted were quite high and that waste would have to be pumped 19 miles, which is problematic. He added that with \$37 million, 125 miles of lines will be constructed, and that the lines need to be constructed regardless.

Karen Perez, senior engineer with Souder, Miller and Associates, advised that the point of the north valley project is to "create" water for this area, not to buy water rights, which she does not

consider a solution. She said that sources must be sought by capturing ground water, treating the Rio Grande, stopping pollution and treating wastewater. She opined that the water reuse regulations as well as grey water regulations need to be put in place. She stressed that common third world diseases are present in Dona Ana county and that many funds have been diverted due to homeland security issues. In response to a question about whether community members will be required to hook up to the new system, Ms. Perez said that five communities will form a water and sanitation district that can then pass an ordinance to require hookup. She added that 50 percent of the total population is needed to make the system work, but that people cannot be forced; they are seeking volunteer participation and have received an overwhelming response. Bill Sisneros, executive director of NMFA, requested a breakdown of all funding sought and received to date, which Ms. Perez provided to the committee.

BORDER AUTHORITY REPORT

Jaime Campos, executive director of the border authority, reported on trends in port trade and traffic, noting that commercial trade continues to increase at New Mexico's ports and that used passenger vehicles continue to be the leading export product. He added that Siemens VDO will operate the foreign trade zone (FTZ) at the Santa Teresa industrial park and expand its auto parts distribution operations at Santa Teresa. In response to a question on calculating the number of exports at the ports, Jim Creek, project manager for the border authority, said that the information is collected by customs and border protection agencies and provided to the census bureau, where the border authority receives its information. He added that because the origination and destination of shipments is specified on all traffic, the border authority can then determine which are in-state and which are out-of-state shipments. He explained that the port at Santa Teresa is the only one in the entire region allowed to process used vehicles.

Mr. Campos pointed out that traffic remains stable at the Columbus port, but is decreasing at Santa Teresa, mainly due to new passenger lanes in El Paso and road construction on the Mexican routes to Santa Teresa. He said the Santa Teresa port is often used when El Paso is slowed down for any reason. The border authority is working to increase the hours of operation to 24 hours from the 6 a.m. to 10 p.m. hours at present, Mr. Campos noted.

The border authority has been promoting itself through new billboards that proclaim: "It's a border. Not a barrier." in both English and Spanish as well as through a newly formed web page at www.nmborder.com.

Several infrastructure projects are in process along the border that are supported federally and internationally, including expanding the Santa Teresa port, expanding services at San Jeronimo, a truck bypass at Santa Teresa/San Jeronimo and at Columbus, expanding the Palomas and Columbus ports and paving the Antelope Wells/Berrendo road. Infrastructure projects with state support at Santa Teresa include rail relocation, offices for the border authority and commercial vehicle inspection, southbound commercial roadway improvements and developing a hazardous materials response capability. Other state-supported infrastructure projects include improving the visitor parking at Columbus, fencing at Antelope Wells and economic development planning along the Hidalgo county border. (See the handout, "A Report from the New Mexico Border Authority", for details of these projects.)

In response to questions, Mr. Campos noted that the "fast lane" in Santa Teresa is ready in terms of equipment and programs, but no date has been set for the opening of its operations. In relation to Mexican truck traffic and the recent supreme court decision to allow Mexican trucks into the interior of the United States, Mr. Campos stressed that traffic will not necessarily increase because of insurance and liability requirements that often make it difficult for Mexican companies to send their trucks over.

Mr. Campos notified the committee that relationships between the Verde group, a group that has acquired much acreage in the Santa Teresa border area and the industrial park there, and the border authority have been very cordial and open. (See the handout for Verde group holdings and further details.)

In response to concern over the level of inspections in New Mexico compared to Texas, Mr. Campos admitted that this was a huge issue last year when he reported to the oversight committee, but that there is much better communication now among U.S. customs, the state police and the federal government. The border authority generated monthly meetings with the federal and state transportation departments to help alleviate difficulties, he added. The need to teach truckers about their loads to make inspections go more easily has been addressed, he said, and although inspections are just as rigorous now, truckers are complying better with regulations.

During the ensuing discussion, Senator Garcia pointed out that the Anapra border crossing has been in the works for at least 50 years. Jose Garcia, board member for the border authority, mentioned that Mayor Segura of Sunland Park put together a plan to get both sides to agree to the port of entry, but that funding is difficult, as is proving that the port is necessary. He added that with the new mayor of Juarez and governor of Chihuahua, a renewal of interest in the project is likely. Other questions revolved around restrictions on imports, especially of fruits and vegetables, to which Mr. Campos replied that U.S. customs and the department of agriculture has a presence at every port of entry to ensure that FDA rules are being adhered to.

In response to a question about the border governors conference, Mr. Campos indicated that it was one of the best yet, bringing together 10 border governors to discuss security issues, border crossings and trade. Mr. Garcia added that with President Fox's government, the governors have more power than ever in Mexico, but that the process will get worse before it gets better and that New Mexico needs to help out. He said that if the state wants a highway between San Jeronimo and Santa Teresa, Mexico will certainly not be able to fund it.

DONA ANA COUNTY COLONIAS INITIATIVE AND FUNDING FOR COLONIAS AREAS

Annette Morales of Medius, Inc., spoke to the committee about the Dona Ana county colonias initiative. She said that the 37 federally designated colonias communities in Dona Ana county lack basic infrastructure and that the initiative is seeking ways to support industrial development in these areas. She added that adequate housing and infrastructure are both needed to support growth in these areas as well as a way to quantify data to be able to tap into available federal funding. She spoke of the Vado del Cerro area and the four colonias therein and the necessity of

regionalizing to deal with area needs. Priorities have been analyzed and ranked by staff of the initiative, and colonias have been grouped into three regional clusters to address need more comprehensively. Senator Rodriguez stated that she sees the subdivision legislation as a major impediment because it does not address master planning for areas that are either named colonias areas or are simply illegal subdivisions.

Richard Rose presented the loan possibilities from the construction programs bureau at DOE: the clean water state revolving fund program and the rural infrastructure program (RIP). He spoke of the use of the RIP for a bridge loan where no payment is due until one year after project completion. He noted that cooperation among agencies is often the key to successful funding, citing a memorandum of understanding formed among the NMFA, USDA rural development, DOE and DFA that will help to decrease the cost for reviewing documents for water and wastewater public works projects that the participating agencies review and approve. He then briefly summarized the uniform funding application process developed to facilitate the capital process by providing a single point whereby projects can be reviewed and potential problems unearthed before funding begins.

Sandra Alarcon, loan specialist from New Mexico rural development of USDA, gave an overview of loan programs offered for developing community facilities in rural areas and communities of not more than 10,000 people. She discussed eligible entities and purposes for projects, which include water supplies and facilities, distribution systems, sewer facilities and sanitary landfills. The loan programs at rural development include colonias grants, emergency community water assistance grants, predevelopment planning grants, Native American set-asides and technical assistance and training grants. She noted that rural development defines a colonias area as one that is located in a county where over 50 percent of the county is within 150 miles of the Mexican border; other criteria exist that include lack of adequate sewage systems, lack of safe, decent and sanitary housing and inadequate roads and drainage.

EXECUTIVE CAPITAL OUTLAY REFORM UPDATE

Secretary James Jimenez of DFA addressed capital outlay reform initiatives being put into place by the executive. He stressed Governor Richardson's commitment to capital reform and outlined the governor's finance council findings as reported in "Invest New Mexico". These include rapid population growth, extreme drought in many New Mexico communities, old buildings at institutions of higher learning and a need to invest in technology to be able to compete in global markets. Because of the piecemeal nature of funding in the capital outlay process, many projects remain half finished or are not even begun, he offered. Secretary Jimenez stated that the governor wants to reform both the decision-making process and the administrative process for capital outlay. He added that the process is in need of better planning strategies, better prioritization and improved project accountability.

Secretary Jimenez then described the process by which the executive is seeking to improve the decision-making procedures for capital funding. He described the letter that recently went out to municipalities, counties, state agencies and tribal governments asking them to submit their top three priorities for capital projects for which they will be seeking legislative appropriations. He offered that the purpose of this is to understand the needs of the state, to allow time to identify

potential sources of funding for these projects and to provide the governor with information on projects so that he will be more informed and better able to make funding decisions. He stated that this information could also be used as a tool for discussion between the executive and the legislative branches to decide on mutual funding of certain priorities and projects. Secretary Jimenez urged legislators to identify their legislative district priorities in addition to the executive process, adding that the executive is not seeking to interfere with communication between legislators and their constituents. He encouraged legislators to read the governor's "Invest New Mexico" plan, which outlines the ways in which the executive wants to approach infrastructure investment (go to www.governor@state.nm.us to view this plan). In addition, Secretary Jimenez indicated that improving the capital outlay process will require hard work and cooperation between the executive and the legislative branches to continue the reform that began with this past legislative session.

Robert Apodaca, director of the capital projects unit (CPU) at DFA, reviewed its strategic plan, which includes working with agencies on accountability and reporting, identifying balances available for reauthorization or reversion, providing training on planning, budgeting and administration, developing priorities and making recommendations to the governor on specific projects for funding. He cited Albuquerque public schools as an example of an entity that had not drawn down approximately \$10 million in funding, although the projects had been completed. He also mentioned a project for Crystal multipurpose center for which \$264,000 was appropriated in 1992, and in September 2004 the remaining balance was \$264,000; he added that the CPU is working with the legislator and the Indian affairs department to complete this project.

In response to a question about why some projects revert and others stay active, Mr. Apodaca stated that before DFA reverts money, the legislator is informed, and that in the past the appropriating agency would send a letter to the board of finance before money would revert. Secretary Jimenez added that if there is an encumbrance on a project, then the money is not reverted, but if the agency states that the encumbrance is no longer valid, the money is reverted.

Concern was expressed regarding the fact that DFA has requested only the top three priorities from all entities, including the Navajo Nation, which is immense. Secretary Jimenez clarified that each governmental entity is being asked to submit three proposals, not each chapter house. These requests would have to come through individual legislators.

In response to a question on whether there is a listing of the status of all active projects by legislator, Mr. Apodaca indicated that his staff is working on this by legislative district. Secretary Jimenez pointed out that the executive is interested in identifying priority areas so that the executive and legislature can agree on "off-the-top initiatives". He added that in terms of planning, there are models in place that work well at DOT, the commission on higher education and the aging and long-term services department.

Legislators expressed concern over the way funding decisions will be made under this proposed system, saying that they are the ones who know their own districts best. Secretary Jimenez stated that he would not disagree with this, but that the system proposed is twofold in that it would identify statewide priority areas as well as smaller projects. He added that perhaps this

system will help legislators identify all funding sources for a particular project. Several legislators pointed out that the governor's vetoes on this year's capital package interfered with funding going to smaller communities in a partisan manner. Secretary Jimenez said that a limit of \$50,000 was placed on appropriations as a result of dialogue between legislative leadership and the executive.

Mr. Apodaca reported that the CPU is reconciling balances from 1992 forward and will provide accurate reports to the executive and legislature from the capital projects monitoring system in January 2005. Secretary Jimenez stated that the CPU is working with legislators to determine valid encumbrances on projects, or if money can be reverted.

In response to a question about the intent of the executive in terms of dividing the available money for capital projects, Secretary Jimenez said that the main intent is to better identify priorities and to strengthen the planning process. He stressed that the information being gathered is for the use of both the executive and the legislature. In response to a question about how the smaller needs of communities will be met, Secretary Jimenez indicated that general fund money could be set aside to handle smaller projects and that it does not make sense fiscally to issue bonds for these smaller amounts. Concern was expressed about how much cooperation and communication will be required to ensure all communities are covered, and the suggestion was made that it is the legislature's responsibility to appropriate, not the governor's. Secretary Jimenez responded that the governor does have the constitutional authority to balance the budget and that he has line-item veto authority as well. Legislators expressed concern that the veto power used during this past legislative session actually hurt smaller communities and was heavily weighted toward vetoing republican projects. Secretary Jimenez stressed that they tried to establish a standard and follow it.

The committee recessed at 6:00 p.m.

Tuesday, September 21, Deming Special Events Center

INFRASTRUCTURE NEEDS: DEMING, COLUMBUS AND LUNA COUNTY

The meeting reconvened at 10:15 a.m. in Deming, with Representative Dona G. Irwin taking over as chair. Sam Baca, mayor of Deming, welcomed the committee and thanked the legislature for its ongoing support. John Strand, city administrator in Deming, spoke about the joint city-county landfill project. The landfill is one of the last noncompliant landfills in the state still in operation and has received notification for closure by DOE. (See handout "Deming/Luna County Legislative Request" for details of needed funding and timelines.)

Martha Skinner, mayor of Columbus, presented the village's infrastructure needs: a water improvement project and a wastewater facility. In response to questions, Ms. Skinner noted that the population of Columbus is 2,000.

Scott Vinson, Luna county manager, stated that the city and county plan capital needs together and make proposals together. He added that they use state funding to leverage local resources and that on every project for which they request funding, they always apply their own resources

as well. Discussion ensued in which particular projects for the county were discussed, including a swimming pool and skate park, both of which were accomplished creatively for less money than usual. Several projects submitted by the county during this past year for funding through NMFA were not successfully funded because, although they were included in HB 200, which was signed into law, no appropriation was made for these authorized projects. A motion was made and seconded to recommend funding of these projects by NMFA again this coming year. All voting members present voted for unanimous approval of this motion.

GRIP FINANCING, WATER TRUST BOARD AND WATER INNOVATION FUND UPDATES

Brian Brooks, NMFA, reported \$2.4 million in gross profits for the GRIP program due to restructuring of the escrow account. He added that proceeds received in this way must be used for paying debt service to bondholders, not for projects. Vince Martinez of DOT provided a handout that summarizes all GRIP projects by construction date, monthly cash flow and legislative district. Tom Church of DOE pointed out that GRIP projects are coming in under their projected cost. In response to a question about how many projects are going to in-state contractors, Mr. Martinez replied that all but one were awarded to in-state contractors.

Angela Gonzales-Rodarte, senior program administrator, NMFA, provided a timeline for the application process for the water trust board. She said that projects approved in 2004 were funded from the 2003 legislation. Those projects that were not approved in 2004 but that received water trust board approval will be put on this year's list, she added. In response to a question about when the oversight committee will be informed of the water trust board's decisions, Mark Valenzuela indicated that the board will make its recommendations to the committee in December. After discussion, legislators requested that water trust board members give a presentation at a future oversight committee meeting so that they can better understand the board's process.

Ms. Gonzales-Rodarte provided a timeline for the water innovation fund and stated that projects are now being evaluated and ranked. Committee members then expressed concern over the nature of projects being funded by the water trust board and reiterated the need to have board members present their policies to the oversight committee at a future meeting.

The committee adjourned at 12:10 p.m.

**MINUTES
of the
SIXTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE
November 4-5, 2004**

The sixth meeting of the New Mexico finance authority (NMFA) oversight committee was called to order by Senator Mary Kay Papen, chair, at 9:19 a.m. on Thursday, November 4, in the Sandia room at Eastern New Mexico University (ENMU). Dr. Paul Jones, assistant vice president of ENMU, welcomed the committee to the community.

Present

Sen. Mary Kay Papen, chair
Rep. Daniel P. Silva, vice chair
Rep. Roberto J. "Bobby" Gonzales
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Brian K. Moore
Sen. Nancy Rodriguez
Rep. Sheryl Williams Stapleton

Absent

Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Richard C. Martinez
Rep. Earlene Roberts
Sen. Shannon Robinson
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Don Tripp

Advisory members

Rep. Jose A. Campos (Nov. 5)
Rep. Anna M. Crook
Rep. Mary Helen Garcia
Sen. Stuart Ingle
Rep. Harriet Ruiz
Rep. Edward C. Sandoval

Rep. Donald E. Bratton
Sen. Dianna J. Duran
Sen. Joseph A. Fidel
Sen. Mary Jane M. Garcia
Sen. Don Kidd
Rep. Ben Lujan
Rep. Patricia A. Lundstrom
Sen. Leonard Lee Rawson
Sen. Bernadette M. Sanchez
Rep. Luciano "Lucky" Varela
Rep. Robert White

(Attendance dates are noted for members not present for the entire meeting.)

Staff

Renée Gregorio
Janice McCrary

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Thursday, November 4, Sandia Room, Eastern New Mexico University **INFRASTRUCTURE NEEDS IN PORTALES AND ROOSEVELT, CHAVES AND LEA** **COUNTIES**

Mayor Orlando Ortega, Portales, welcomed the committee to Portales and ENMU. Mayor Ortega outlined the steps the local community is taking to creatively meet the needs of the city and to leverage resources. The Portales city council has commissioned a comprehensive plan to outline the needs for the future. The mayor outlined the top five priorities of the city.

Debbie Lee, Portales city manager, described in detail the five priorities. Street improvements are a top priority. Portales has over 90 miles of highway, some of which are state highways. Drainage issues also plague the city, particularly in a year of much rain. Community services affect quality of life. Portales is looking to address playgrounds, parks and public buildings. Economic development is on the forefront. Presently Portales is experiencing a boom from the dairy industry and related businesses. Housing continues to be an issue with the influx of people into the area. Existing housing is insufficient and there are not enough general contractors to construct new homes.

Mayor Ortega and Ms. Lee fielded questions about the median price of housing. Presently, the cost to construct is approximately \$50 per square foot. Contractors usually build one house at a time. The city of Portales does not assess impact fees on construction. At present, there has not been a large enough housing development to merit assessment of such fees. All contractors are small businesses. There are no large developers. Mayor Ortega reported to legislators that much of the growth is agricultural related: dairies, milk plant, cheese plant, peanut industry and ethanol production. Portales, like other communities, continues to work to meet the water needs of the community.

In response to questions about downtown revitalization, the mayor reported that Portales has an effective and active grassroots organization. It has high participation from the downtown businesses and has worked to instill pride in the community. Senator Ingle expressed his pleasure in hosting the committee and pointed out that Portales has a history of stepping up to finance many hometown projects, including the hospital, through tax assessments.

Stanton Riggs, Chaves county manager, presented information about Chaves county. Chaves county supports 450 miles of streets and roads. One of the top priorities is maintenance of west McGaffey. It is highly traveled and is the main street through town. There are 90 dairies in the community, and Roswell has a large mozzarella cheese plant that has created much more rigorous traffic usage. These businesses have brought increased fire protection needs. Water continues to be a huge issue. The Pecos river is vitally important to the water needs of the area, and Chaves county appreciates all assistance to preserve this water source.

Mr. Riggs was questioned about the effectiveness of the pilot program to arraign prisoners utilizing video technology. The process, he stated, eliminates some of the problems such as transporting prisoners to the courthouse, the issues of sneaking contraband to prisoners and the benefit of defusing situations where the family members of victims come into contact with the prisoners.

Mr. Riggs, in response to questions, stated that the produced water plant plans will not be ready for the 2005 legislative session. There are still many issues to work out with the state engineer. The state says it owns the produced water but maintains it is the responsibility of the producer to deal with the water.

Charline Hardin, Roosevelt county manager, presented the top three priorities for Roosevelt county. The county is responsible for 1,285 miles of roads. Local traffic, traffic traveling through the city and increased traffic due to 44 dairies is taking a huge toll on streets and highways. Road improvements are the number one priority.

The detention facility is another large issue. Many dollars are spent housing prisoners out-of-state. The county has commissioned a feasibility study to determine if a local detention center should be constructed in order to keep those dollars in the county. Building a jail is a definite possibility and there is some concern about the additional tax it would require. The cost of a new detention center will be around \$3 million.

The third priority is improving the fairgrounds. Currently, it is hosting the New Mexico Ag Expo, which brings about 400 to 500 vendors to Roosevelt county. Some of the facilities were built in the 1930s.

After questions were asked by committee members, Ms. Hardin provided information on the types of inmates housed at the detention center. While many detainees are the responsibility of the state, the county only receives a small amount to defray the cost. Repeat offenders are a large portion of the detainees, and the committee expressed its concern that rehabilitation options are not available.

Dennis Holmberg, Lea county manager, briefed the committee on Lea county initiatives. The racetrack and casino will open in Hobbs in November. It will create about 250 permanent jobs with additional jobs during the racing season. The national enrichment center in Eunice is planned, and construction will start in May 2006. It will have a large impact over the five years of construction. New Mexico Junior College and College of the Southwest have plans to double in size. The growth, while good, has brought housing issues, waste treatment issues and water issues. Dynamics of a growing economy bring many needs. Lea county represents more municipalities than any other county. These five government jurisdictions have banded together to provide for the needs of Lea county.

Mr. Holmberg fielded questions regarding plans for water. He reported that a regional water plan is addressing what might be done to conserve, reuse and move water.

GRIP UPDATE AND FINANCING DETAILS

Mark Valenzuela, intergovernmental affairs director of NMFA, introduced George Wilford and Jason Hughes, both of First Southwest Company, and Keith Mellor, chief financial officer for NMFA. Mr. Valenzuela gave a quick history of the GRIP program. In November 2003, the legislature authorized \$1.585 billion in bonding for highways throughout the state. The program is to be funded within seven years. House Bill 15 also provided for increases in transportation-related taxes and fees that will provide an extra \$60 million in annual revenues into the state road fund.

Mr. Wilford outlined the constraints in looking at the financing mechanisms. The repayment period could not exceed 20 years and the annual debt service could not exceed \$162 million. The structure had to achieve a AA bond rating. The new bonding must avoid economic loss on restructuring of existing debt.

Mr. Hughes described the plan of finance, which included closing existing bond liens, creating a new lien structure, refunding all GARVEE debt and restructuring certain state road fund bonds. The financing results were for a total issuance of \$1.138 billion. Bonds totaling approximately \$700 million in senior lien fixed rate bonds for project costs were issued at a rate of 4.653 percent. The remaining \$438 million was in a subordinate lien and was issued using a forward swap to lock in the rate and a synthetic fixed rate to lower the cost of borrowing and yet preserve the conservative approach to financing.

Keith Mellor, chief financial officer, NMFA, discussed the responsibility of NMFA to manage the proceeds of the \$700 million bond issue. The bond issuance proceeds produced approximately \$737 million. The goal was to invest these proceeds so that they were available to fund the draw schedules by the department of transportation and to mitigate the effect of interest rate differences.

The committee had questions for the presenters about the GRIP program. They were asked to have the department of transportation be at the next meeting to provide draw schedules.

A REQUEST BY THE CITY OF DEMING

Representative Dona Irwin and Joe Nestor Chavez, lobbyist for the city of Deming, made a request of the committee to include two projects in this year's public project revolving fund bill. These projects were included in last year's bill but the bill did not get funded. The two projects are the Peru mill reclamation project and the landfill move. Both projects have great environmental impacts and must be done. Deming has provided most of the funding, but needs the final piece from the state. The committee expressed its support for the inclusion of these two projects.

FINANCING MECHANISMS FOR STIMULATING ECONOMIC DEVELOPMENT STATEWIDE: A PANEL DISCUSSION

The NMFA assembled a group of panelists to discuss financing mechanisms for stimulating economic development. Panelists were Craig Reeves, First National Bank, Clayton, NMFA board member; Art Morales, Bank of America, principal of public finance; Matt

Schaefer, Bank of America, senior vice president, commercial lending; and Jerry Walker, executive director, Independent Community Bankers Association of New Mexico. Bill Sisneros, executive director of NMFA, reviewed the legislation passed regarding economic development. In 1993, the Local Economic Development Act (LEDA) was passed along with a constitutional amendment to allow local governments to assist economic development in a variety of ways. In 2003, Senate Bill 932 provided a comprehensive package of financing tools to stimulate economic development projects to fill the gap between public and private financing; it was known as the Statewide Economic Development Finance Act (SWEDFA). There was no funding with either bill.

Steve Flance, chairman of the NMFA board of directors, expressed his opinion that it is meaningful dialogue for NMFA. Everything NMFA does has some impact on economic development in communities. Whether it is a sewer development or a hospital, indirectly it enhances the community's ability to attract industry. Determining how to better leverage private/public partnership to create greater access to capital for New Mexico businesses is crucial, he added. NMFA seeks a funding source to participate with private lenders either as equity investors or loan guarantors or other innovative financing mechanisms. NMFA would not become a direct lender but would utilize the expertise of the commercial lending institutions. The projects authorized would come from the legislature in consultation with NMFA.

The presenters answered numerous questions about how this could work. It was generally believed there would need to be specific criteria developed to administer this program. Details pertaining to how these projects are identified, management issues, the effect on local tax roles and many other issues remain unanswered. Mr. Valenzuela closed by stating that the NMFA is looking to the oversight committee for endorsement of this project and would require an initial funding level of \$35 million. The committee authorized NMFA to have the legislation drafted in concept for further consideration by the oversight committee in December.

The meeting recessed at 4:25 p.m.

Friday, November 5, 2004 - Room 512, Clovis Community College
WELCOME

The meeting reconvened at 9:00 a.m. and was called to order by Representative Anna M. Crook. Beverly McClure, president of Clovis community college, welcomed the committee to Clovis and to the campus. She reported that Clovis community college is currently at 4,100 students and growing at a rate of 6-10 percent per year.

David Lansford, mayor, city of Clovis, welcomed the committee to the "city on the move". Clovis is experiencing great growth, which creates additional stresses and strains on the city budget and infrastructure. One issue of great importance is the Ute Creek project, which is very important to the city in protecting source water. He urged the committee to consider the project very strongly.

Raymond Mondragon, Clovis city manager, made a presentation about the growth of business in Clovis. Drainage, roads and infrastructure are continuing needs in a growing area.

The Ute water pipeline project provides a water supply for eastern New Mexico. This pipeline will ensure a stable water source for the area. Total cost will be \$306 million, which will be funded with 80 percent federal dollars and 20 percent state participation. It will take 10 years to build.

Clovis serves as a regional landfill and is looking to expand the service. Drainage continues to be an issue and the city has spent over \$14 million on these issues. Some of these projects are in collaboration with the county. Policing issues continue to require substantial funding. Mr. Mondragon concluded with the efforts of the downtown metropolitan redevelopment project underway to revitalize the downtown area. He reiterated that Clovis is working actively as a community and will help in any way it can.

Lance Pyle, Curry county manager, outlined the high priority need for the county. The state highway 467 overpass is desperately needed for the health and safety of residents who cross the railroad tracks daily. The county is seeking funding from a variety of sources to make this project happen.

The next project is the Curry county adult detention center expansion. Curry county is presently having to house inmates out of the county at substantial cost. The current facility is being renovated but it will still be inadequate. The county is exploring ways to fund other avenues to deal with the problem.

The third project on the priority list is the needed improvements to the Curry county fairgrounds. Construction for a special events center should begin this year. Other funds will be needed for landscaping and horse barns.

The fourth project is for money to continue improving Curry county roads. The new business in Clovis has brought greater usage and greater need for improvements. Mr. Pyle answered questions for the committee.

Pow Carter III, chairman, De Baca county commission, thanked the committee for inviting him and outlined the county's priorities. The first priority is the jail. De Baca county is experiencing the same costs and overcrowding noted by other jurisdictions. Secondly, the senior citizen's center needs renovating. The county has purchased the abandoned hospital and hopes to use the building for senior services. The courthouse must meet ADA compliance requirements, and the first phase will cost \$75,000. They also asked the committee to support a loan and grant to the county to pay off the bureau of reclamation. The loan arose from the building of the dam in 1950. The county has been paying since then and still owes over \$1 million. The county believes this lien holder position could put water resources in jeopardy.

Terry Turner, Quay county manager, reported that Mesalands college and the fairgrounds are an important part of the community. An agricultural center is needed at the fairgrounds. Trigg memorial hospital is vital to Tucumcari, and the county is investing \$3 million in the clinic. The county also will be looking for assistance to renovate the WPA courthouse and the jail. There are many other needs but these are the top ones.

Mary Mayfield, mayor of Tucumcari, and Richard Primrose, Tucumcari city manager, thanked the committee for listening to their needs. They are seeking assistance in wastewater treatment plant improvements, a landfill project, a railroad spur improvement and for improvements to the municipal swimming pool.

WATER TRUST BOARD (WTB) PRESENTATION: INTENT OF ORIGINATING LEGISLATION AND DETAILS OF PROJECT FINANCING

Representative Joe Stell and John D'Antonio, state engineer and chairman of the WTB, made a presentation about the funding needs for water projects in the state. The eastern part of New Mexico is served by the Ogallala aquifer. Hydrologists have determined the aquifer is being depleted, and it is unknown how long it will last. Estimates are at 25-30 years. Plans have begun to determine ways to extend the life. Up to 20 years ago, the use of an alternative source was discussed. Transporting water from up north began to be explored. Presently, this water passes out of New Mexico and goes to Lake Meredith in Texas. The pipeline idea was developed in Clovis. The cost was originally estimated to be \$100 million. In present dollars, the cost will be \$300 million. Because of drought conditions, the issue is once again on the forefront. Funding is the issue.

The original plan in the legislation was to get one-third from trust funds, one-third from the permanent fund and one-third from the severance tax fund for a total of \$100 million. The intent was to create permanent water trust fund with 80 percent of the funds and to put the remaining 20 percent in a project fund. The house and senate forwarded their respective versions of the bill and, in the end, all funding was stripped. The next year a bill was funded that went entirely to the project fund. This pool of money has been used as a capital outlay fund to fund smaller projects for communities and mutual domestic water associations. That was not the intent of the bill. The bill was intended to provide a funding mechanism to aggressively and proactively address water needs on a statewide basis. These needs are calculated as costing over \$4 billion dollars. Even if the legislature put \$50 million per year into a fund to address these needs, it would take 80 years to catch up. The state must step forward and provide a big funding source and find new sources, including federal grants and public-private financing.

Mr. D'Antonio reported that there were 144 letters of interest in 2004 for water projects. These were winnowed down to 26 projects. Prior-year projects approved but not funded were considered this year. There is a set of criteria for ranking projects, but the funding is not sufficient to tackle some of the larger projects. There will be approximately \$22 million available this year.

Mr. D'Antonio discussed legislation the governor would like to see passed that gives the state engineer greater control over domestic well drilling and usage. Concern was expressed that these actions might infringe upon personal property rights and a homeowner's right to drill a well under the Homestead Act. Additionally, the bureaucracy created by obtaining permits from Santa Fe creates a hardship on people living in small towns.

ENERGY INITIATIVE: THE ELECTRIC TRANSMISSION TASK FORCE

Ned Farquhar, environmental advisor, office of the governor, and Brian Brooks, NMFA, described the governor's initiative to create a transmission task force. The overall purpose is to facilitate electric transmission to transport electricity generated from renewable energy to New Mexico and other western states and to improve the energy security and reliability of the New Mexico and western region electric grid. The governor will be sponsoring legislation to bring these concepts to reality.

Mr. Farquhar and Mr. Brooks answered questions of the committee.

PROJECT UPDATE: UTE CREEK WATERSHED

Alicia Fitzgerald, project coordinator, and other individuals involved in the Ute Creek watershed restoration projects presented information on the success of the project. Ms. Fitzgerald explained that the NMFA funded phases 1 and 2 but has not included this project for funding of phase 3. The project is in a critical phase in order not to lose the benefits gained thus far. The goal of the project is to increase water flow from Ute Creek. The project has included restoring the riparian zone through a variety of methods. The project has treated the large, mature salt cedar with eradication chemicals and has used goats successfully in eating the smaller trees. The project includes reseeding when needed. Improvement in the flow of Ute creek is already being experienced. The presenters encouraged the committee to fund Phase 3 and answered questions of the committee.

A LOOK AT WATER PROJECT FINANCING: TOWARD SUSTAINABILITY

Anne Watkins, special assistant to the state engineer, updated the committee on efforts to sustain drinking water supplies. The trend in water withdrawals has increased at the same time there has been a corresponding decrease for agricultural use. The state must plan carefully to meet this demand. At present there is no mechanism for creating a long-term plan for water infrastructure.

Most drinking water systems in the state are small and old. The seven or eight enabling statutes were created when the population of the state was quite small. The state has grown and many of these systems are contiguous and sometimes overlapping. There are 650 public water systems in the state drawing from the same source and serving only 21 percent of the population. Of the 650 public water systems, 98 percent serve less than 5 percent of the population. These systems are old, have had little or no maintenance, do not have adequate water rights and are, many times, unable to meet the safe drinking water rules.

The first phase of this effort encourages creating joint ventures to update these systems and to create regional planning units. It will identify all needs, both public and private, agricultural and municipal. The second phase will be to compile background information for decision making and to collaborate on options. The next phase will be to start a regional system design. It is a new approach but one much needed due to the scarcity of water.

ADJOURNMENT

The meeting adjourned at 1:00 p.m.

**MINUTES
of the
SEVENTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE
December 9, 2004**

The seventh meeting of the New Mexico finance authority (NMFA) oversight committee was called to order by Senator Mary Kay Papen, chair, at 9:35 a.m. on Thursday, December 9, in room 322 of the state capitol.

Present

Sen. Mary Kay Papen, chair
Rep. Daniel P. Silva, vice chair
Sen. Kent L. Cravens
Rep. Roberto J. "Bobby" Gonzales
Sen. Clinton D. Harden, Jr.
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Rep. Sheryl Williams Stapleton

Absent

Sen. Pete Campos
Rep. Dona G. Irwin
Rep. Brian K. Moore
Sen. Richard C. Martinez
Rep. Earlene Roberts
Sen. H. Diane Snyder
Rep. Don Tripp

Advisory members

Rep. Donald E. Bratton
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Rep. Ben Lujan
Rep. Patricia A. Lundstrom
Sen. Leonard Lee Rawson
Rep. Harriet Ruiz
Sen. Bernadette M. Sanchez
Rep. Edward C. Sandoval
Rep. Luciano "Lucky" Varela

Rep. Jose A. Campos
Sen. Joseph A. Fidel
Sen. Stuart Ingle
Sen. Don Kidd
Rep. Robert White

Staff

Renée Gregorio
Larry Matlock

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Thursday, December 9

NMFA Annual Report

Bill Sisneros, executive director of NMFA, and Mark Valenzuela, director of intergovernmental affairs, presented highlights from the authority's recently completed annual report, which by statute was due on December 1. Mr. Valenzuela indicated that NMFA's financing has grown by 56.4 percent in dollars and 27.3 percent in projects over the past year. He reviewed the authority's programs and progress in these programs over the past year. (See the handout for project details.) He added that NMFA is seeking a legislative appropriation of \$4 million, \$2 million to match federal dollars for FY 04, and another \$2 million for FY05. He reminded the committee that NMFA has had no defaults on any of its loans to date.

Mr. Sisneros remarked that the legislature is ahead of rest of country in terms of its commitment of the governmental gross receipts tax (GGRT) to the public project revolving fund. He added that other states are using New Mexico as a model in this regard and that this commitment helps to raise the state's status with financial rating agencies. He said that the GGRT allows NMFA to pledge collateral but that efforts are underway to pledge the GGRT for other purposes. He stressed that the GGRT is already a pledged collateral source and that the state needs to protect this fund and its financial integrity.

Mr. Valenzuela reviewed financing highlights, detailing the strength of the PPRF and the authority's methods of leveraging funds to bring down the overall cost of borrowing.

In response to a question by Representative Silva related to financing for Albuquerque's water authority, Mr. Valenzuela said that NMFA pulled together financing out of the drinking water revolving loan fund, which is partially federally funded. He added that the water authority received \$118 million from PPRF and \$12 million from the DWRLF.

Marquita Russel of NMFA said that the total rate to the Albuquerque-Bernalillo county water authority was about three percent, and that there were no insurance costs to them or costs of issuance. NMFA took the burden of these costs and absorbed them through the PPRF program. In response to a question from Representative Silva on the length of this loan, she replied that it is a 20-year loan.

Mr. Valenzuela reviewed NMFA's programs—the PPRF, the DWRLF, the water and wastewater grant fund and the water and wastewater planning fund. (See the annual report for more details.) He remarked that NMFA receives a portion of cigarette tax for some of its programs, which are all health care related, and that it uses the portion it receives to help staff and administer programs.

In reviewing the water trust board's (WTB) activities, Mr. Valenzuela said that NMFA recognizes that the WTB is in its infancy and needs direction, but that it is accomplishing the task of leveraging federal funding. He added that larger regional systems have received most of the funding to date.

Senator Rawson remarked on the Elephant Butte regional system for water and wastewater, stating that phase 1 line extensions are needed to make it operational and to achieve a customer base. He said the community has enough money to build the plant, but not the

lines. He indicated that help is needed to get this project done. Mr. Sisneros replied that the NMFA team will look at this project and provide him with further information and assistance.

Senator Harden mentioned that the original intent was for the larger portion of funding through the WTB to go to rural water. He questioned whether WTB is doing what the legislation intended. Mr. Valenzuela replied that the WTB set up a criteria subcommittee on how to allocate funding to these project types and is reviewing criteria for funding as a result of the committee's suggestions at the November meeting.

Mr. Valenzuela reviewed details of the GRIP program, which is a \$1.6 billion program that has provided a \$60 million increase to the state road fund (SRF) this past session. He said that NMFA's role with GRIP is strictly on the financing side; DOT is responsible for the highway projects.

Keith Mellor, chief financial officer, NMFA, added that the GRIP program has new money of over \$700 million and \$400 million in refunding. Mr. Valenzuela added that of the \$950 million of existing debt, \$430 million was refinanced and taken off the books, but that NMFA will provide the committee with exact numbers.

Senator Harden noted that when GRIP legislation was passed, there was a fee or tax increase and that this source of revenue was to retire this debt. He asked if this was working. Mr. Valenzuela answered that DOT's chief economist said that it looks like that revenue is coming in as expected.

In response to questions about earnings from GRIP, Mr. Mellor said that the big earner for DOT is the escrow account. Representative Silva questioned if the profit goes directly back to the GRIP program; Mr. Valenzuela said the profit goes into the SRF.

Representative Varela questioned NMFA's annual budget for FY 04, asking if this is the extent of reporting on the budget. Mr. Valenzuela remarked that NMFA could provide for FY 05 if the committee requested it. Representative Varela answered that it is important for the committee to see the planned budget as well. Mr. Valenzuela said NMFA would provide this to the committee.

In response to questions on bonding, Mr. Mellor said that the GRIP program received a pronouncement in October from the government accounting standard board that DOT would carry the bonds, while NMFA would carry the cash balances. He added that there is no recurring revenue to the grant fund, that there has not been a legislative appropriation every year and that NMFA would be asking for \$25 million in capital funding for this program.

Discussion ensued regarding how NMFA can lower costs to fit within the income restraints of municipalities seeking funding. Mr. Sisneros indicated that an issue that needs attention is contract compliance. He said that NMFA needs to track project progress so that when it comes to the second phase of funding, NMFA knows the entity's success record with previous phases. He said that the volume is so great that NMFA needs a more sophisticated method to ensure contract compliance.

Speaker Lujan asked about the consequences if the legislature had not passed GRIP legislation. Mr. Valenzuela quickly replied that a tremendous infrastructure need in New Mexico would not be addressed without GRIP. He added that although DOT receives \$170 million federally, the infrastructure needs have grown greatly and this money only addresses federally eligible roads. He indicated that the needs assessment is in the range of \$12-15 billion, and the NMFA would not have been able to do anything without the new financing mechanisms that this program provides.

Senator Rawson questioned NMFA's use of a negative in the unemployment insurance column, even though Mr. Mellor stated that NMFA pays its unemployment insurance premium on a cash basis. He stated that NMFA is current on all unemployment premiums and that allocating out to the programs causes the negative.

NMFA's Audit Report

Mr. Mellor reported on the current status of the audit for NMFA, which is due by December 15, and will be mailed out to committee members at that time. He provided a draft of financials in a handout that also includes financial statements with and without GRIP.

Representative Varela asked about the annual report data and the difference in cash basis versus accrual reporting. Mr. Mellor said that the audited financial statement is on an accrual basis, and the books are on a cash basis.

Approval of Minutes

At the request of Senator Papen, chair, Speaker Lujan appointed Representative Bratton to be a voting member for the day's meeting. At that, the committee voted to approve both the October and November minutes.

Credit Enhancement Account

Jeremy Turner, director of finance, NMFA, gave a presentation on the credit enhancement portion of the cigarette tax. He covered the revenue history and distributions from that tax (see page 2 of the handout). He explained that credit enhancement was set up through the legislature to enhance the issuance of university of New Mexico (UNM) health center bonds and to deal with the fact that the cigarette tax is a declining revenue stream. NMFA looks at cigarette bonds issued and at debt service needed on a monthly basis. The credit enhancement portion reverts back to the general fund monthly if not needed. He added that NMFA's portion of the cigarette tax pays debt service on the \$3 million bond issue for the UNM law library and cancer center. What remains is used for health-related programs. (See the handout for a graph of debt service payments for NMFA's portion.)

In response to questions from Representative Varela, Mr. Turner said that the taxation and revenue department handles credit enhancement and distribution of the tax and that NMFA takes care of reversions to the general fund. Representative Varela requested a report on how much has been transferred to the general fund thus far. Senator Papen requested that numbers be provided to the committee that represent the decrease of smokers over time. Speaker Lujan added that a report could be requested from the co-chairs of the tobacco committee that includes figures on the decline of use as well as the decline on transfer of sales to reservations. Mr. Turner agreed to provide these figures to the committee.

Water Innovation Fund Progress Report

Mark Valenzuela gave a brief presentation on the progress of the water innovation fund, which received a \$10 million appropriation during the 2004 legislative session for water resource infrastructure projects. The requests that have come in for consideration total \$84 million, he reported. Of these, 25 will receive funding. Mr. Valenzuela added that the fund was formed with the intent of better management of water in New Mexico. (See the handout for proposals and types of projects received.)

Representative Lundstrom asked for a copy of the criteria used for selection, which Mr. Valenzuela said would be provided.

Representative Gonzales noted that one school was included in the projects to be funded and wondered if this funding would be offset from other funding the school receives as part of the new funding formula. Legislative council service staff responded that because this appropriation was not made directly from the legislature to the school district, the offset would not apply.

Senator Rawson expressed concern that the selections seemed to be political and questioned the criteria for selection, asking for a more comprehensive report. Mr. Valenzuela indicated that such a report would be provided. He added that NMFA's job is to administer these projects, not select them.

Water Efficient Technology Act

Peter Mallory, lobbyist, spoke to the committee in support of the drafting of the Water Efficient Technology Act, given the need to address conservation. The bill enacts a fee for the diversion or withdrawal of water that would be used for conservation. Two bills have been drafted, one that applies the fee to everyone, reaching 85 percent of those who use water. In one bill, the money would go to the water trust board, in the other to NMFA. One applies specifically to agricultural water use. Both versions allow bonding off the revenue stream, which generates about \$200 million to be used for conservation. Mr. Mallory stated that the central issue is really whether all agree that there is a sufficient problem with water availability that we have to address conservation. He added that the policy decision made is that those who use the resource should contribute to conservation. He said that the general consensus among New Mexicans is that there is a real issue about long-term prospects for water being able to support our population. He reported that polling data indicates general support for paying for this resource by the population.

Senator Robinson questioned the metering aspects of the bill and warned Mr. Mallory that the bill's timing may be off.

Mr. Mallory replied that he is not aware of any current metering, and that the funds generated by this legislation could be used for metering and that regulating the resource is needed.

Beth Bardwell, program officer for the world wildlife fund, added that one version of the bill takes agriculture out of the assessment, and it provides that one will have to contribute to receive those monies on water conservation.

Discussion ensued in which the definition of qualified entity was clarified, and Ms. Bardwell clarified that at present there is a requirement for certain wells to be metered, but for individuals homes there is no requirement. In answer to further questions, she said that there is an analysis of revenue generated in the handout, and that the taxation and revenue department would collect the fee as it would be considered a tax.

Representative Silva asked why acequias would be exempt, to which Ms. Bardwell replied that their unique status distinguishes them from other water users.

Committee members expressed concern over exempting certain entities and not others that may not be so clearly defined. Representative Saavedra remarked that his south valley constituents, for example, would not be exempt. He said that they have a unique way of watering their fields.

Senator Harden questioned what other states are doing regarding water conservation. Ms. Bardwell replied that there are other state programs, and that about four states have a groundwater conservation fee. She added that Montana is currently considering similar legislation that imposes a fee.

In response to concern over adjudication not being completed in New Mexico, Ms. Bardwell said that the fee is based on the measured use where it is measured, and that in the absence of metered use, it would be based on a declared, adjudicated water right. She added that the west is just beginning to address these issues, and that states are all trying to figure out how to deal with water shortages.

Discussion followed in which Representative Gonzales expressed concern over costs that individuals already pay for permitting, drilling and maintenance. Mr. Mallory agreed that all users are paying for that use, and that this fee will be in addition to those costs, but also based on the recognition that we need to extend this resource.

Senator Papen reiterated the concern over the fact that the whole state has not been adjudicated. She added that the state needs to make a tremendous push to get that done in the next few years. She expressed concern over showing favoritism in certain areas of the state. Senator Garcia pointed out that her community is the only one in the southern part of the state that has never been organized into acequia associations.

Mr. Mallory replied that they would look at this issue again, but that the problem with adjudication is that it never gets completed, and if the state does not do anything about conservation until adjudications are done, nothing will ever be done about conservation.

GRIP Update

Keith Mellor, chief financial officer, NMFA, gave an update on GRIP, detailing all escrow restructuring transactions and the savings that came from these. (See handout for these details.)

Representative Silva asked about the use of profits and why they were not being put into projects. Mr. Mellor replied that legal counsel advised that the proceeds have to be used for

debt service, not specific projects, and that the department of transportation (DOT) receives a credit that passes into the state road fund.

Mr. Mellor reviewed investment results from inception to date, then specifically gave results for the month of October, going over annual rate yields again for this month. He continued by itemizing costs of issuing GRIP bonds, broken down by expense category. He said that from a budget of \$2.6 million, to date there has been \$2.3 million in expenses, with a balance in the account of \$260,000.

Speaker Lujan asked about bond rating fluctuation, to which Mr. Mellor said that to market the bonds, they have to be rated and that this is done through S&P, Moody's and Fitch. He added that they analyze the deal and come up with a credit rating, and that bond rating fees are what these agencies charge to rate bonds.

Senator Papen reiterated that the committee has requested a progress report from DOT showing projects that have begun, including drawdowns, and that the committee has never received such a report.

Mr. Mellor indicated that NMFA has not seen such a report either and that only a few drawdowns have been made, and that NMFA receives contracting invoices, but not information on specific projects. He added that he would speak to DOT to get this information for the committee.

Vince Martinez of DOT said that all requirements for reporting will be provided in one document that will be updated quarterly. Andres Aragon Viamonte, DOT, indicated that all projects are currently on schedule.

Economic Development Legislation

Bill Sisneros highlighted the proposed economic development legislation that was presented to the oversight committee at the November meeting in Portales. He reminded committee members that they gave a conceptual approval to this legislation at that meeting and added that NMFA would like the committee to sponsor this legislation.

Mr. Sisneros explained that existing law includes both the Local Economic Development Act (LEDA) and the Statewide Economic Development Finance Act (SWEDFA), but that these statutes need funding. NMFA is requesting \$35 million to accomplish this. The new legislation would also amend LEDA and SWEDFA to allow NMFA financing flexibility. He added that Dr. Tom Pollard has been tracking lost opportunities in the state, including visiting with bankers who are very willing to identify projects to bring to the table. In surveying bankers, NMFA has been looking at the best method for the state to assist banks in lending to businesses that would not otherwise qualify for a commercial loan.

In response to concern over risk-taking and potential loan defaults, Mr. Sisneros replied that there will be an aggressive due diligence process. He reminded the committee that NMFA has a zero default record with the PPRF program, and that they will look carefully at selecting. He added that all projects will be preauthorized by the legislature, and that a full list will be provided to the committee, as with the PPRF.

Representative Bratton expressed concern that entities applying for funding would not have a tax structure and that these partnerships would be high-risk. Mr. Sisneros replied that they are looking at leveraging a public-private partnership and reviewed potential financing mechanisms. Mr. Valenzuela pointed out that they put together a hypothetical project. (See page 14 of the handout.) He added that the funding they are seeking would be from non-recurring general fund monies and that NMFA could leverage that amount, turn it over in 15 years, and make it grow.

Dwayne Brown, attorney, said the legislation is a work in progress and that this draft is a first cut that includes all the ideas discussed, setting forth a structure so that a statewide exception to the anti-donation clause could be implemented. He added that the legislation has been modeled after LEDA and that it allows for an exception for economic development.

Representative Crook questioned how banks will be selected to do the lending. Mr. Sisneros said that NMFA would be the financing arm and will not be looking for projects. The economic development department will choose and lenders will also bring projects to NMFA. He said that banks will do most of the work on evaluation. There will be a formal application process with quite a bit of financial disclosure. Mr. Valenzuela added that the process will be very detailed and clear and that legislative authorization will be part of this.

Discussion ensued in which Mr. Sisneros made it clear that NMFA would work closely with the banking community to ensure they have a good record of lending and would be a worthy partner in the effort to help communities grow.

Speaker Lujan asked about exceptions, in particular if utility companies were excluded. Mr. Brown said that there is an exclusion for utility finance and that this cannot be done at present under city-county revenue bonds. He added that they will look at this in the next draft.

In response to questions, Mr. Sisneros said that NMFA would go out to all banking institutions to set parameters, as NMFA would not be the primary lender. The banks would decide the right financing mechanism for the business. Ms. Russell added that for those businesses lacking equity, NMFA hopes to partner up strongly. Mr. Sisneros said that NMFA will also need to work more directly with rural areas.

Legislation Endorsed by NMFA Oversight Committee

1. The State Economic Development Assistance Act (initial draft by Dwayne Brown, no 202 number yet). Representative Silva and Senator Papen will sponsor.
2. .153140, the public project revolving fund authorization bill. Representative Varela and Senator Garcia will sponsor.
3. .153111, an appropriation for drinking water system financing. Representative Gonzales and Senator Snyder will sponsor.
4. .153110, water and wastewater planning fund grants, expanding eligible projects to include water conservation planning. Representative Sandoval will sponsor.
5. .153112, water and wastewater project grant fund authorization bill, including an appropriation to the fund. Passed last session without the appropriation, so this

- includes eligible entities from that bill as well as another 18 entities. Senator Rawson requested that Elephant Butte be clearly included. Senator Cravens requested that Placitas be added. Representative Silva asked that a Chama wastewater project be included. Mark Valenzuela reminded committee members that they could add projects during the session. Representatives Cervantes and Mary Helen Garcia will co-sponsor in the house and Senator Papen will sponsor in the senate.
6. .152829, water trust board amendments to enabling act that allow entities who have a regional plan in development to apply for loans from the WTB and allow donations to the water project fund. On page 5, lines 3 and 4, strike underscored language. Senator Harden will sponsor with this change.
 7. .152830, water project fund authorization bill, without the appropriation. Representatives Crook and Gonzales will co-sponsor and Senators Cravens and Papen will co-sponsor.
 8. .153098, the Water Efficient Technology Act. Representative Mimi Stewart and Senator Robinson will sponsor. (Opposition noted: Saavedra, Silva and Bratton)
 9. .153096, funding bill for behavioral health capital fund. Representatives Sandoval and Ruiz will co-sponsor in the house; Senators Papen and Sanchez will co-sponsor in the senate.
 10. Sanitary Projects Act amendments, duplication of last year's bill. Senator Snyder will sponsor.
 11. .153119, the Municipal Arena Funding Act, which gives NMFA authorization to provide financing for a municipal arena; municipality imposes arena surcharge through vendor contracts. Representatives Silva and Saavedra will co-sponsor. (Opposition noted: Harden, Rawson, Cravens, Bratton)

There being no other business, the committee adjourned at 4:40 pm.

BILL

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO FINANCE; AUTHORIZING THE NEW MEXICO FINANCE
AUTHORITY TO MAKE LOANS FOR PUBLIC PROJECTS FROM THE PUBLIC
PROJECT REVOLVING FUND; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. AUTHORIZATION OF PROJECTS.--Pursuant to the
provisions of Section 6-21-6 NMSA 1978, the legislature
authorizes the New Mexico finance authority to make loans from
the public project revolving fund to the following qualified
entities for the following public projects on terms and
conditions established by the authority:

1. to the Alamogordo public schools in Otero county
for equipment, building and infrastructure projects;

2. to the city of Alamogordo in Otero county for
equipment, building, infrastructure and refinancing projects;

.153140.1

1 3. to the Albuquerque/Bernalillo county water
2 utility authority in Bernalillo county for equipment and
3 infrastructure projects;

4 4. to the city of Albuquerque in Bernalillo county
5 for equipment, building, refinancing and infrastructure
6 projects;

7 5. to the Albuquerque public schools in Bernalillo
8 and Sandoval counties for equipment, building, infrastructure
9 and refinancing projects;

10 6. to the Animas public schools in Hidalgo county
11 for equipment, building, infrastructure and refinancing
12 projects;

13 7. to the Artesia public schools in Eddy and Chaves
14 counties for equipment, building, infrastructure and
15 refinancing projects;

16 8. to the city of Artesia in Eddy county for
17 equipment, building, infrastructure and refinancing projects;

18 9. to the city of Aztec in San Juan county for
19 refinancing equipment, building and infrastructure projects and
20 acquisition of the east Aztec water users association;

21 10. to the city of Bayard in Grant county for
22 equipment and infrastructure projects;

23 11. to the Belen consolidated schools in Valencia
24 county for building and infrastructure projects;

25 12. to the Bernalillo county metropolitan court in

1 Bernalillo county for refinancing projects;

2 13. to the Bernalillo public schools in Sandoval
3 county for equipment, building, infrastructure and refinancing
4 projects;

5 14. to the Bloomfield schools in San Juan county
6 for building and infrastructure projects;

7 15. to the city of Bloomfield in San Juan county
8 for equipment, building, refinancing, land acquisition and
9 infrastructure projects;

10 16. to the village of Capitan in Lincoln county for
11 equipment acquisition projects;

12 17. to the Capitan municipal schools in Lincoln
13 county for equipment, building, infrastructure and refinancing
14 projects;

15 18. to the Carlsbad municipal schools in Eddy
16 county for equipment, building, infrastructure and refinancing
17 projects;

18 19. to the city of Carlsbad in Eddy county for
19 equipment, building, infrastructure and refinancing projects;

20 20. to the village of Causey in Roosevelt county
21 for equipment, building and infrastructure projects;

22 21. to the Central consolidated schools in San Juan
23 county for building teacherage and infrastructure projects;

24 22. to the Clayton public schools in Union county
25 for equipment, building, infrastructure and refinancing

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1 projects;

2 23. to the Cloudcroft municipal schools in Otero
3 county for equipment, building, infrastructure and refinancing
4 projects;

5 24. to the Clovis municipal schools in Curry county
6 for equipment, building, infrastructure and refinancing
7 projects;

8 25. to the city of Clovis in Curry county for
9 equipment, building, infrastructure and refinancing projects;

10 26. to Colfax county for equipment, building,
11 infrastructure and refinancing projects in Colfax county;

12 27. to the village of Columbus in Luna county for
13 equipment acquisition projects;

14 28. to the Cuba independent schools in Sandoval
15 county for equipment, building, infrastructure, refinancing and
16 teacherage projects;

17 29. to the Cuba soil and water conservation
18 district in Sandoval county for equipment and infrastructure
19 projects;

20 30. to Curry county for equipment, building and
21 infrastructure projects in Curry county;

22 31. to the city of Deming in Luna county for solid
23 waste projects;

24 32. to the town of Dexter in Chaves county for
25 equipment acquisition projects;

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1 33. to the Dexter consolidated schools in Chaves
2 county for equipment, building, infrastructure and refinancing
3 projects;

4 34. to the east Rio Arriba soil and water
5 conservation district in Rio Arriba county for equipment
6 acquisition projects;

7 35. to Eddy county for equipment, building, and
8 infrastructure projects in Eddy county;

9 36. to Eddy county-Atoka volunteer fire department
10 in Eddy county for equipment, building and infrastructure
11 projects;

12 37. to Eddy county-Joel volunteer fire department
13 in Eddy county for equipment, building and infrastructure
14 projects;

15 38. to Eddy county-Malaga volunteer fire department
16 in Eddy county for equipment, building and infrastructure
17 projects;

18 39. to Eddy county-White City volunteer fire
19 department in Eddy county for equipment, building and
20 infrastructure projects;

21 40. to Elephant Butte in Sierra county for water
22 rights acquisition and water projects;

23 41. to the town of Elida in Roosevelt county for
24 equipment, building and infrastructure projects;

25 42. to the city of Espanola in Rio Arriba and Santa

1 Fe counties for equipment, building, infrastructure and
2 refinancing projects;

3 43. to the Farmington municipal schools in San Juan
4 county for equipment, building, infrastructure and refinancing
5 projects;

6 44. to the city of Farmington in San Juan county
7 for equipment, building, infrastructure and refinancing
8 projects;

9 45. to the village of Folsom in Union county for
10 equipment acquisition projects;

11 46. to the Gadsden independent schools in Dona Ana
12 and Otero counties for equipment, building, infrastructure and
13 refinancing projects;

14 47. to the city of Gallup in McKinley county for
15 equipment, building, infrastructure and refinancing projects;

16 48. to the Gallup-McKinley county public schools in
17 McKinley county for equipment, building, infrastructure,
18 refinancing and teacherage projects;

19 49. to Grant county for equipment, building,
20 infrastructure and refinancing projects in Grant county;

21 50. to Grant county-Fort Bayard volunteer fire
22 department in Grant county for equipment and vehicle
23 acquisition projects;

24 51. to Guadalupe county for equipment, building,
25 infrastructure and refinancing projects in Guadalupe county;

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1 52. to the town of Hagerman in Chaves county for
2 equipment acquisition projects;

3 53. to the Hagerman municipal schools in Chaves
4 county for equipment, building, infrastructure and refinancing
5 projects;

6 54. to Hatch Valley municipal schools in Dona Ana
7 county for equipment, building, infrastructure and refinancing
8 projects;

9 55. to Hidalgo county for equipment, building, and
10 infrastructure projects in Hidalgo county;

11 56. to the city of Hobbs in Lea county for
12 equipment, building, infrastructure and refinancing projects;

13 57. to the town of Hurley in Grant county for
14 equipment and infrastructure projects;

15 58. to the Jemez Valley municipal schools in
16 Sandoval county for building and infrastructure projects;

17 59. to the Las Cruces public schools in Dona Ana
18 county for equipment, building, infrastructure and refinancing
19 projects;

20 60. to the city of Las Cruces in Dona Ana county
21 for equipment, building, infrastructure and refinancing
22 projects;

23 61. to the city of Las Vegas in San Miguel county
24 for equipment, building, infrastructure and refinancing
25 projects;

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1 62. to Lincoln county-Hondo volunteer fire
2 department in Lincoln county for equipment acquisition
3 projects;

4 63. to the Lincoln solid waste authority in Lincoln
5 county for infrastructure, building, equipment and refinancing
6 projects;

7 64. to the village of Logan in Quay county for
8 equipment acquisition building infrastructure and refinancing
9 projects;

10 65. to the Lordsburg municipal schools in Hidalgo
11 county for equipment, building, infrastructure and refinancing
12 projects;

13 66. to Los Alamos county for equipment, building,
14 infrastructure and refinancing projects in Los Alamos county;

15 67. to the Los Alamos public schools in Los Alamos
16 county for equipment, building, infrastructure and refinancing
17 projects;

18 68. to the Los Lunas public schools in Valencia
19 county for equipment, building, infrastructure and refinancing
20 projects;

21 69. to the city of Lovington in Lea county for
22 equipment, building, infrastructure and refinancing projects;

23 70. to the Magdalena municipal schools in Socorro
24 county for equipment, building, infrastructure and refinancing
25 projects;

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1 71. to Mora county for equipment, building, and
2 infrastructure projects in Mora county;

3 72. to Mora county-Buena Vista volunteer fire
4 department in Mora county for equipment acquisition projects;

5 73. to New Mexico highlands university in San
6 Miguel county for equipment, building, refinancing and
7 infrastructure projects;

8 74. to New Mexico state university in Dona Ana
9 county for equipment, building, infrastructure and refinancing
10 projects;

11 75. to the Otero county-Dungan volunteer fire
12 department in Otero county for equipment acquisition projects;

13 76. to the Pojoaque valley public schools in Santa
14 Fe county for equipment, building, infrastructure and
15 refinancing projects;

16 77. to the city of Raton in Colfax county for
17 refinancing equipment, building and infrastructure projects;

18 78. to the Rio Rancho public schools in Sandoval
19 county for building and infrastructure projects;

20 79. to the city of Rio Rancho in Sandoval county
21 for special assessment district 6, special assessment district
22 7, building and infrastructure projects;

23 80. to the city of Rio Rancho in Sandoval county
24 for equipment, building, infrastructure and refinancing
25 projects;

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1 81. to the Roswell independent schools in Chaves
2 county for equipment, building, infrastructure and refinancing
3 projects;

4 82. to the city of Roswell in Chaves county for
5 equipment, building, infrastructure and refinancing projects;

6 83. to the Ruidoso municipal schools in Lincoln
7 county for equipment, building, infrastructure and refinancing
8 projects;

9 84. to the village of Ruidoso in Lincoln county for
10 building projects;

11 85. to the village of San Jon in Quay county for
12 equipment and infrastructure projects;

13 86. to San Miguel county for equipment, building,
14 infrastructure and refinancing projects in San Miguel county;

15 87. to the San Miguel county-Pecos Canyon volunteer
16 fire department in San Miguel county for equipment acquisition
17 projects;

18 88. to the village of San Ysidro in Sandoval county
19 for water and wastewater projects and equipment acquisition
20 projects;

21 89. to the Santa Fe public schools in Santa Fe
22 county for equipment, building, infrastructure and refinancing
23 projects;

24 90. to Santa Fe county for equipment, building,
25 infrastructure and refinancing projects in Santa Fe county;

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1 91. to Sandoval county for refinancing projects in
2 Sandoval county;

3 92. to the city of Santa Rosa in Guadalupe county
4 for equipment acquisition projects;

5 93. to the town of Silver City in Grant county for
6 equipment acquisition projects;

7 94. to the Socorro consolidated schools in Socorro
8 county for building and infrastructure projects;

9 95. to Socorro county in Socorro county for
10 equipment and infrastructure projects in Socorro county;

11 96. to the city of Sunland Park in Doña Ana county
12 for water, wastewater, and water rights acquisition projects;

13 97. to the town of Taos in Taos county for
14 equipment, building, infrastructure and refinancing projects;

15 98. to Taos county-Hondo/Seco volunteer fire
16 department in Taos county for equipment acquisition projects;

17 99. to the Texico municipal schools in Curry and
18 Roosevelt counties for equipment, building, infrastructure and
19 refinancing projects;

20 100. to Torrance county-Northeast Torrance number
21 five fire district in Torrance county for infrastructure,
22 building and equipment projects;

23 101. to the Truth or Consequences municipal schools
24 in Sierra county for equipment, building, infrastructure and
25 refinancing projects;

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1 102. to the city of Truth or Consequences in Sierra
2 county for equipment, building, infrastructure and refinancing
3 projects;

4 103. to the Tucumcari public schools in Quay county
5 for equipment, building, infrastructure and refinancing
6 projects;

7 104. to the city of Tucumcari in Quay county for
8 equipment, building, refinancing and infrastructure projects;

9 105. to the village of Tularosa in Otero county for
10 equipment and infrastructure projects;

11 106. to Union county for equipment, building,
12 infrastructure and refinancing projects in Union county;

13 107. to the Ventana West public improvements
14 district in Sandoval county for equipment, building,
15 infrastructure and refinancing projects; and

16 108. to the West Rim mutual domestic water
17 consumers association in Taos county for well projects.

18 Section 2. VOIDING OF AUTHORIZATION.--If a qualified
19 entity listed in Section 1 of this act has not certified to the
20 New Mexico finance authority by the end of fiscal year 2008 its
21 desire to continue to pursue a loan from the public project
22 revolving fund for a public project listed in that section, the
23 legislative authorization granted to the New Mexico finance
24 authority by Section 1 of this act to make a loan from the
25 public project revolving fund to that qualified entity for that

.153140.1

1 public project is void.

2 Section 3. EMERGENCY.--It is necessary for the public
3 peace, health and safety that this act take effect immediately.

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BILL

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

MAKING AN APPROPRIATION FOR DRINKING WATER SYSTEM FINANCING;
DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Four million dollars (\$4,000,000) is appropriated from the general fund to the drinking water state revolving loan fund for expenditure in fiscal year 2005 and subsequent fiscal years to provide state matching funds for federal Safe Drinking Water Act projects and to carry out the purposes of the Drinking Water State Revolving Loan Fund Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

Section 2. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.

.153111.1

BILL

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO FINANCE; EXPANDING THE TYPE OF PROJECTS ELIGIBLE
FOR WATER AND WASTEWATER PLANNING FUND GRANTS; REQUIRING GRANTS
TO BE REPAID IN CERTAIN INSTANCES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-21-6.4 NMSA 1978 (being Laws 2002,
Chapter 26, Section 2) is amended to read:

"6-21-6.4. WATER AND WASTEWATER PLANNING FUND--CREATION--
ADMINISTRATION--PURPOSES.--

A. The "water and wastewater planning fund" is
created within the authority, which shall be administered by
the authority. The authority shall adopt rules necessary to
administer the fund.

B. The following shall be deposited directly into
the water and wastewater planning fund:

.153110.1

1 (1) the net proceeds from the sale of bonds
2 issued pursuant to the provisions of Section 6-21-6.1 NMSA 1978
3 for the purposes of the water and wastewater planning fund and
4 payable from the public project revolving fund;

5 (2) money appropriated by the legislature to
6 implement the provisions of this section; and

7 (3) any other public or private money
8 dedicated to the fund.

9 C. Money in the water and wastewater planning fund
10 is appropriated to the authority to make grants to qualified
11 entities to evaluate and to estimate the costs of implementing
12 the most feasible alternatives for meeting water and wastewater
13 public project needs or to develop water conservation plans or
14 long-term master plans and to pay administrative costs of the
15 water and wastewater planning program.

16 D. The authority shall adopt rules governing the
17 terms and conditions of grants made from the water and
18 wastewater planning fund. Grants may be made from the fund
19 only with the agreement of the qualified entity to reimburse
20 the fund for the amount of the grant when financing from any
21 source other than the authority is subsequently received by the
22 qualified entity for the water or wastewater public project.

23 E. The authority may make grants from the water and
24 wastewater planning fund to qualified entities without specific
25 authorization by law for each grant."

underscored material = new
[bracketed material] = delete

1 Section 2. EFFECTIVE DATE.--The effective date of the
2 provisions of this act is July 1, 2005.

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47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

MAKING AN APPROPRIATION TO THE WATER AND WASTEWATER PROJECT
GRANT FUND; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Twenty-five million dollars
(\$25,000,000) is appropriated from the general fund to the
water and wastewater project grant fund for expenditure in
fiscal year 2005 and subsequent fiscal years to fund water and
wastewater projects approved by the legislature in accordance
with the provisions of Section 6-21-6.3 NMSA 1978. Any
unexpended or unencumbered balance remaining at the end of a
fiscal year shall not revert to the general fund.

Section 2. EMERGENCY.--It is necessary for the public
peace, health and safety that this act take effect immediately.

.153112.1

BILL

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO WATER; CHANGING STANDARDS FOR PRIORITIZATION OF
WATER PROJECTS BY THE WATER TRUST BOARD; PROVIDING FOR A
DESIGNEE TO THE WATER TRUST BOARD; REMOVING THE DROUGHT STRIKE
TEAM FROM WATER TRUST BOARD DUTIES; PROVIDING FOR
APPROPRIATIONS AND DONATIONS TO THE WATER PROJECT FUND;
RECONCILING MULTIPLE AMENDMENTS TO THE SAME SECTION OF LAW BY
REPEALING LAWS 2003, CHAPTER 139, SECTION 3.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 72-4A-4 NMSA 1978 (being Laws 2001,
Chapter 164, Section 4) is amended to read:

"72-4A-4. WATER TRUST BOARD CREATED.--

A. The "water trust board" is created. The board
is composed of the following fifteen members:

(1) the state engineer or ~~his~~ the state

1 engineer's designee, who shall be the chairman of the board;

2 (2) the executive director of the New Mexico
3 finance authority or the executive director's designee;

4 (3) the secretary of environment or [~~his~~] the
5 secretary's designee;

6 (4) the secretary of energy, minerals and
7 natural resources or [~~his~~] the secretary's designee;

8 (5) the director of the department of game and
9 fish or [~~his~~] the director's designee;

10 (6) the director of the New Mexico department
11 of agriculture or [~~his~~] the director's designee;

12 (7) the executive director of the New Mexico
13 municipal league or [~~his~~] the executive director's designee;

14 (8) the executive director of the New Mexico
15 association of counties or [~~his~~] the executive director's
16 designee;

17 (9) five public members appointed by the
18 governor and confirmed by the senate and who represent:

19 (a) the environmental community;

20 (b) an irrigation or conservancy
21 district that uses surface water;

22 (c) an irrigation or conservancy
23 district that uses ground water;

24 (d) acequia water users; and

25 (e) soil and water conservation

1 districts;

2 (10) one public member appointed by the
3 ~~[commission on]~~ secretary of Indian affairs; and

4 (11) the president of the Navajo Nation or
5 ~~[his]~~ the president's designee.

6 B. The board shall meet at the call of the chairman
7 or whenever three members submit a request in writing to the
8 chairman, but not less often than once each calendar year. A
9 majority of members constitutes a quorum for the transaction of
10 business. The affirmative vote of at least a majority of a
11 quorum present shall be necessary for an action to be taken by
12 the board.

13 C. Each public member of the board appointed by the
14 governor shall be appointed to a four-year term. To provide
15 for staggered terms, two of the initially governor-appointed
16 public members shall be appointed for terms of two years and
17 three members for terms of four years. Thereafter, all
18 governor-appointed members shall be appointed for four-year
19 terms. Vacancies shall be filled by appointment by the
20 governor for the remainder of the unexpired term.

21 D. Public members of the board shall be reimbursed
22 for attending meetings of the board as provided for nonsalaried
23 public officers in the Per Diem and Mileage Act and shall
24 receive no other compensation, perquisite or allowance.

25 E. Public members of the board are appointed public

.152829.1

1 officials of the state while carrying out their duties and
2 activities under the Water Project Finance Act."

3 Section 2. Section 72-4A-5 NMSA 1978 (being Laws 2001,
4 Chapter 164, Section 5, as amended by Laws 2003, Chapter 139,
5 Section 3 and by Laws 2003, Chapter 365, Section 1) is amended
6 to read:

7 "72-4A-5. BOARD--DUTIES.--The board shall:

8 A. adopt rules governing terms and conditions of
9 grants or loans recommended by the board for appropriation by
10 the legislature from the water project fund, giving priority to
11 projects that have urgent needs, that have been identified for
12 implementation of a completed regional water plan [~~that is~~
13 ~~accepted by the interstate stream commission]~~ or part of a plan
14 under development and that have matching contributions from
15 federal or local funding sources; and

16 B. authorize qualifying water projects to the
17 authority that are for:

18 (1) storage, conveyance or delivery of water
19 to end users;

20 (2) implementation of federal Endangered
21 Species Act of 1973 collaborative programs;

22 (3) restoration and management of watersheds;

23 (4) flood prevention; or

24 (5) water conservation [~~and~~

25 ~~G. create a drought strike team to coordinate~~

1 ~~responses to emergency water shortages caused by drought~~
2 ~~conditions~~]."

3 Section 3. Section 72-4A-9 NMSA 1978 (being Laws 2001,
4 Chapter 164, Section 9) is amended to read:

5 "72-4A-9. WATER PROJECT FUND--CREATED--PURPOSE.--

6 A. The "water project fund" is created in the New
7 Mexico finance authority and shall consist of distributions
8 made to the fund from the water trust fund and payments of
9 principal of and interest on loans for approved water projects.
10 The fund shall also consist of any other money appropriated,
11 donated, distributed or otherwise allocated to the fund for the
12 purpose of supporting water projects pursuant to provisions of
13 the Water Project Finance Act. The fund shall be administered
14 by the authority. Income from investment of the water project
15 fund shall be credited to the fund. Balances in the fund at
16 the end of any fiscal year shall not revert to the general
17 fund. The water project fund may consist of such subaccounts
18 as the authority deems necessary to carry out the purposes of
19 the fund. The authority may establish procedures and adopt
20 rules as required to administer the fund and to recover from
21 the fund costs of administering the fund and originating grants
22 and loans.

23 B. Money in the water project fund may be used to
24 make loans or grants to qualified entities for any project
25 approved by the legislature.

1 C. The authority is authorized to issue revenue
2 bonds payable from the proceeds of loan repayments made into
3 the water project fund upon a determination by the authority
4 that issuance of the bonds is necessary to replenish the
5 principal balance of the fund. The net proceeds from the sale
6 of the bonds shall be deposited in the water project fund. The
7 bonds shall be authorized and issued by the authority in
8 accordance with the provisions of the New Mexico Finance
9 Authority Act."

10 Section 4. REPEAL.--Laws 2003, Chapter 139, Section 3 is
11 repealed.

12 Section 5. EFFECTIVE DATE.--The effective date of the
13 provisions of this act is July 1, 2005.

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BILL

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO FINANCE; AUTHORIZING THE NEW MEXICO FINANCE
AUTHORITY TO MAKE LOANS OR GRANTS FOR CERTAIN WATER PROJECTS
FROM THE WATER PROJECT FUND; MAKING AN APPROPRIATION; DECLARING
AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. AUTHORIZATION OF PROJECTS.--Pursuant to the
provisions of Section 72-4A-9 NMSA 1978, the legislature
authorizes the New Mexico finance authority to make loans or
grants from the water project fund to the following qualified
entities for the following qualifying water projects on terms
and conditions established by the water trust board and the New
Mexico finance authority:

A. to the Dona Ana mutual domestic water consumers
association in Dona Ana county for a surface water project;

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1 B. to the interstate stream commission for Middle
2 Rio Grande endangered species collaborative program in
3 Bernalillo county for water and refugium projects;

4 C. to the city of Aztec in San Juan county for a
5 water storage project;

6 D. to the city of Alamogordo in Otero county for a
7 regional water project;

8 E. to the El Rito regional water system in Rio
9 Arriba county for a regional water project;

10 F. to Raton water works in Colfax county for a
11 watershed project;

12 G. to the Eastern New Mexico rural water system in
13 Curry county for a water project;

14 H. to Cuatro Villas mutual domestic water users
15 association in Santa Fe county and Greater Chimayo mutual
16 domestic water users association in Rio Arriba county and Santa
17 Fe county;

18 I. to the Claunch-Pinto soil and water conservation
19 district in Santa Fe, Torrance and Bernalillo counties for a
20 watershed project;

21 J. to the village of Cloudcroft in Otero county for
22 a water project;

23 K. to the city of Deming in Luna county for a water
24 project;

25 L. to the city of Gallup in McKinley county for a

1 water project;

2 M. to the city of Las Vegas in San Miguel county
3 for a wastewater project;

4 N. to the city of Santa Fe in Santa Fe county for a
5 water project;

6 O. to the Pueblo of Taos in Taos county for the War
7 Chief office watershed project; and

8 P. to the town of Taos in Taos county for a
9 wastewater project.

10 Section 2. APPROPRIATION.--One hundred fifty thousand
11 dollars (\$150,000) is appropriated from the general fund to the
12 water project fund for expenditure in fiscal years 2005 and
13 2006 to provide technical oversight of approved projects. Any
14 unexpended or unencumbered balance remaining at the end of
15 fiscal year 2006 shall revert to the general fund.

16 Section 3. EMERGENCY.--It is necessary for the public
17 peace, health and safety that this act take effect immediately.

HOUSE BILL

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO WATER; ENACTING THE WATER EFFICIENT TECHNOLOGY ACT;
IMPOSING WATER EFFICIENCY FEES FOR THE DIVERSION OR WITHDRAWAL
OF PUBLIC WATERS OF THE STATE; CREATING A FUND; MAKING AN
APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. [NEW MATERIAL] SHORT TITLE.--Sections 1
through 5 of this act may be cited as the "Water Efficient
Technology Act".

Section 2. [NEW MATERIAL] DEFINITIONS.--As used in the
Water Efficient Technology Act:

A. "domestic well" means a well permitted pursuant
to Section 72-12-1.1 NMSA 1978;

B. "person" means any individual or legal entity;
and

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underscored material = new
[bracketed material] = delete

1 C. "public water supply system" means a system that
2 supplies water to the public and that has at least fifteen
3 service connections or regularly services an average of twenty-
4 five individuals at least sixty days per year.

5 Section 3. [NEW MATERIAL] WATER EFFICIENCY FEES--
6 IMPOSITION--EXCEPTIONS.--

7 A. In order to exercise the right to use the public
8 waters of the state, the following water efficiency fees are
9 imposed on the following persons for diverting or withdrawing
10 the public waters of the state:

11 (1) persons operating a public water supply
12 system, twenty-five dollars (\$25.00) per acre-foot per year
13 paid annually;

14 (2) persons supplying water for a commercial,
15 industrial, mining or power production concern and for which
16 the fees imposed by this subsection have not otherwise been
17 imposed or paid, twenty-five dollars (\$25.00) per acre-foot per
18 year paid annually; and

19 (3) persons owning a domestic well, a fixed
20 annual fee of twelve dollars and fifty cents (\$12.50) per well
21 paid annually.

22 B. With the exception of domestic wells that are
23 assessed a fixed annual fee, water efficiency fees shall be
24 based on the actual diversion or withdrawal of water if
25 measured by a metering system approved by the state engineer;

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1 otherwise, fees shall be based on the amount of the permitted,
2 licensed, declared or adjudicated water right.

3 Section 4. [NEW MATERIAL] PAYMENT OF WATER EFFICIENCY
4 FEES--EVIDENCE OF WATER RIGHT.--Payment of water efficiency
5 fees imposed by the Water Efficient Technology Act neither
6 confirms nor is evidence of any right to appropriate the public
7 waters of the state.

8 Section 5. [NEW MATERIAL] OTHER WATER EFFICIENCY FEES--
9 COLLECTION--INFORMATION.--

10 A. The taxation and revenue department shall
11 provide by regulation for reporting requirements and the manner
12 and form of collection of the water efficiency fees imposed by
13 the Water Efficient Technology Act.

14 B. The taxation and revenue department shall
15 provide the state engineer and the water trust board with an
16 annual report on the amount of fees collected by river basin
17 for each type of fee specified in the Water Efficient
18 Technology Act.

19 C. The state engineer, interstate stream
20 commission, department of environment and public regulation
21 commission shall provide the taxation and revenue department
22 with the information and records necessary to assess the fees
23 imposed by the Water Efficient Technology Act that will be
24 collected by the taxation and revenue department.

25 D. A person who measures the diversion or

1 withdrawal of public waters of the state with a metering system
2 approved by the state engineer and who is required to pay fees
3 imposed under the Water Efficient Technology Act shall submit
4 to the state engineer an annual record of the amount of
5 diversion.

6 Section 6. A new section of the New Mexico Finance
7 Authority Act is enacted to read:

8 "[NEW MATERIAL] WATER EFFICIENT TECHNOLOGY PROJECT FUND--
9 CREATION--PURPOSE--ADMINISTRATION.--

10 A. The "water efficient technology project fund" is
11 created in the New Mexico finance authority and shall consist
12 of distributions of the net receipts attributable to the fees
13 imposed by the Water Efficient Technology Act, payments of
14 principal of and interest on loans for approved water projects
15 and net proceeds from the sale of bonds. The fund shall also
16 consist of any other money appropriated, donated, distributed
17 or otherwise allocated to the fund for the purpose of
18 supporting water projects pursuant to provisions of the Water
19 Efficient Technology Act. The fund shall be administered by
20 the authority. Income from investment of the water efficient
21 technology fund shall be credited to the fund. Balances in the
22 fund at the end of any fiscal year shall not revert or be
23 transferred to any other fund. The water efficient technology
24 fund may consist of such sub-accounts as the authority deems
25 necessary to carry out the purposes of the fund. The authority

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1 may establish procedures and adopt rules as required to
2 administer the fund and to recover from the fund costs of
3 administering the fund and originating grants and loans.

4 B. Money in the water efficient technology fund is
5 appropriated to the authority for the purpose of making grants
6 or loans for qualifying water projects to qualified entities to
7 benefit persons that have paid water efficiency fees.

8 Qualifying water projects may include:

9 (1) restoration and management of watersheds;
10 (2) state acquisition or lease of water rights
11 from voluntary sellers or lessors for public use and benefit,
12 including fish, wildlife and recreation projects, river
13 ecosystem restoration, implementation of federal Endangered
14 Species Act of 1973 collaborative programs and interstate
15 compact obligations; or

16 (3) water conservation projects, including
17 metering and measurement of water use, water reclamation,
18 aquifer storage and recharge, reducing the amount of
19 unaccounted-for water and regional or clustered water systems.

20 C. The authority may issue revenue bonds payable
21 from the proceeds of loan repayments made into the water
22 efficient technology fund upon a determination by the authority
23 that issuance of the bonds is necessary to replenish the
24 principal balance of the fund. The net proceeds from the sale
25 of the bonds shall be deposited in the water efficient

1 technology fund. The bonds shall be authorized and issued by
2 the authority in accordance with the provisions of the New
3 Mexico Finance Authority Act."

4 Section 7. A new section of the New Mexico Finance
5 Authority Act is enacted to read:

6 "[NEW MATERIAL] WATER EFFICIENT TECHNOLOGY FUND
7 ADMINISTRATION--DUTIES OF AUTHORITY.--The New Mexico finance
8 authority shall:

9 A. develop application procedures and forms for
10 qualified entities to apply for grants and loans from the water
11 efficient technology project fund;

12 B. adopt rules and procedures for evaluating water
13 projects in accordance with the provisions of the Water
14 Efficient Technology Act and make funding recommendations to
15 the legislature; and

16 C. make loans or grants to qualified entities for
17 projects that qualify for funding pursuant to the Water
18 Efficient Technology Act and are authorized by the
19 legislature."

20 Section 8. A new section of the Tax Administration Act is
21 enacted to read:

22 "[NEW MATERIAL] ADMINISTRATIVE FEE IMPOSED.--The
23 department shall withhold an administrative fee equal to the
24 actual cost of collection or of five percent of the receipts
25 collected pursuant to the Water Efficient Technology Act,

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1 whichever is less."

2 Section 9. A new section of the Tax Administration Act is
3 enacted to read:

4 "[NEW MATERIAL] DISTRIBUTIONS--WATER EFFICIENCY FEES.--
5 Distributions pursuant to Section 7-1-6.1 NMSA 1978 shall be
6 made to the water efficient technology project fund of all net
7 receipts attributable to the fees imposed pursuant to the Water
8 Efficient Technology Act."

9 Section 10. Section 7-1-2 NMSA 1978 (being Laws 1965,
10 Chapter 248, Section 2, as amended) is amended to read:

11 "7-1-2. APPLICABILITY.--The Tax Administration Act
12 applies to and governs:

13 A. the administration and enforcement of the
14 following taxes or tax acts as they now exist or may hereafter
15 be amended:

- 16 (1) Income Tax Act;
17 (2) Withholding Tax Act;
18 (3) Venture Capital Investment Act;
19 (4) Gross Receipts and Compensating Tax Act
20 and any state gross receipts tax;
21 (5) Liquor Excise Tax Act;
22 (6) Local Liquor Excise Tax Act;
23 (7) any municipal local option gross receipts
24 tax;
25 (8) any county local option gross receipts

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1 tax;

2 (9) Special Fuels Supplier Tax Act;

3 (10) Gasoline Tax Act;

4 (11) petroleum products loading fee, which fee
5 shall be considered a tax for the purpose of the Tax

6 Administration Act;

7 (12) Alternative Fuel Tax Act;

8 (13) Cigarette Tax Act;

9 (14) Estate Tax Act;

10 (15) Railroad Car Company Tax Act;

11 (16) Investment Credit Act, Capital Equipment
12 Tax Credit Act, rural job tax credit, Laboratory Partnership
13 with Small Business Tax Credit Act and Technology Jobs Tax
14 Credit Act;

15 (17) Corporate Income and Franchise Tax Act;

16 (18) Uniform Division of Income for Tax
17 Purposes Act;

18 (19) Multistate Tax Compact;

19 (20) Tobacco Products Tax Act;

20 (21) the telecommunications relay service
21 surcharge imposed by Section 63-9F-11 NMSA 1978, which
22 surcharge shall be considered a tax for the purposes of the Tax
23 Administration Act; and

24 (22) the daily bed surcharge imposed on
25 licensed nursing homes, intermediate care facilities for the

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1 mentally retarded and residential treatment centers, which
2 surcharge shall be considered a tax for purposes of the Tax
3 Administration Act until June 30, 2007;

4 B. the administration and enforcement of the
5 following taxes, surtaxes, advanced payments or tax acts as
6 they now exist or may hereafter be amended:

- 7 (1) Resources Excise Tax Act;
- 8 (2) Severance Tax Act;
- 9 (3) any severance surtax;
- 10 (4) Oil and Gas Severance Tax Act;
- 11 (5) Oil and Gas Conservation Tax Act;
- 12 (6) Oil and Gas Emergency School Tax Act;
- 13 (7) Oil and Gas Ad Valorem Production Tax Act;
- 14 (8) Natural Gas Processors Tax Act;
- 15 (9) Oil and Gas Production Equipment Ad
16 Valorem Tax Act;
- 17 (10) Copper Production Ad Valorem Tax Act;
- 18 (11) any advance payment required to be made
19 by any act specified in this subsection, which advance payment
20 shall be considered a tax for the purposes of the Tax
21 Administration Act;
- 22 (12) Enhanced Oil Recovery Act;
- 23 (13) Natural Gas and Crude Oil Production
24 Incentive Act; and
- 25 (14) intergovernmental production tax credit

1 and intergovernmental production equipment tax credit;

2 C. the administration and enforcement of the
3 following taxes, surcharges, fees or acts as they now exist or
4 may hereafter be amended:

5 (1) Weight Distance Tax Act;

6 (2) the workers' compensation fee authorized
7 by Section 52-5-19 NMSA 1978, which fee shall be considered a
8 tax for purposes of the Tax Administration Act;

9 (3) Uniform Unclaimed Property Act (1995);

10 (4) 911 emergency surcharge and the network
11 and database surcharge, which surcharges shall be considered
12 taxes for purposes of the Tax Administration Act;

13 (5) the solid waste assessment fee authorized
14 by the Solid Waste Act, which fee shall be considered a tax for
15 purposes of the Tax Administration Act;

16 (6) the water conservation fee imposed by
17 Section 74-1-13 NMSA 1978, which fee shall be considered a tax
18 for the purposes of the Tax Administration Act; ~~and~~

19 (7) the gaming tax imposed pursuant to the
20 Gaming Control Act; and

21 (8) the water efficiency fees imposed pursuant
22 to the Water Efficient Technology Act, which fees shall be
23 considered a tax for the purposes of the Tax Administration
24 Act; and

25 D. the administration and enforcement of all other

1 laws, with respect to which the department is charged with
2 responsibilities pursuant to the Tax Administration Act, but
3 only to the extent that the other laws do not conflict with the
4 Tax Administration Act."

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BILL

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

DISCUSSION DRAFT

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO THE BEHAVIORAL HEALTH CAPITAL FUND; MAKING A
DISTRIBUTION OF CIGARETTE TAX REVENUES TO THE FUND; MAKING AN
APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-1-6.11 NMSA 1978 (being Laws 1983,
Chapter 211, Section 16, as amended) is amended to read:

"7-1-6.11. DISTRIBUTIONS OF CIGARETTE TAXES.--

A. A distribution pursuant to Section 7-1-6.1 NMSA
1978 shall be made to the county and municipality recreational
fund in an amount equal to one and thirty-six hundredths
percent of the net receipts, exclusive of penalties and
interest, attributable to the cigarette tax.

B. A distribution pursuant to Section 7-1-6.1 NMSA
1978 shall be made to the county and municipal cigarette tax

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1 fund in an amount equal to two and seventy-two hundredths
2 percent of the net receipts, exclusive of penalties and
3 interest, attributable to the cigarette tax.

4 C. A distribution pursuant to Section 7-1-6.1 NMSA
5 1978 shall be made to the cancer research and treatment center
6 at the university of New Mexico health sciences center in an
7 amount equal to one and thirty-six hundredths percent of the
8 net receipts, exclusive of penalties and interest, attributable
9 to the cigarette tax.

10 D. A distribution pursuant to Section 7-1-6.1 NMSA
11 1978 shall be made to the New Mexico finance authority in an
12 amount equal to two and four-hundredths percent of the net
13 receipts, exclusive of penalties and interest, attributable to
14 the cigarette tax.

15 E. A distribution pursuant to Section 7-1-6.1 NMSA
16 1978 in an amount equal to fourteen and fifty-two hundredths
17 percent of the net receipts, exclusive of penalties and
18 interest, attributable to the cigarette tax, shall be made, on
19 behalf of and for the benefit of the university of New Mexico
20 health sciences center, to the New Mexico finance authority.

21 F. A distribution pursuant to Section 7-1-6.1 NMSA
22 1978 in an amount equal to six and eleven-hundredths percent of
23 the net receipts, exclusive of penalties and interest,
24 attributable to the cigarette tax, shall be made to the New
25 Mexico finance authority for improvements to department of

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1 health facilities.

2 G. A distribution pursuant to Section 7-1-6.1 NMSA
3 1978 in an amount equal to fifteen and ninety-five hundredths
4 percent of the net receipts, exclusive of penalties and
5 interest, attributable to the cigarette tax, shall be made to
6 the New Mexico finance authority for deposit in the credit
7 enhancement account created in the authority.

8 H. A distribution pursuant to Section 7-1-6.1 NMSA
9 1978 shall be made to the behavioral health capital fund in an
10 amount equal to two percent of the net receipts, exclusive of
11 penalties and interest, attributable to the cigarette tax."

12 Section 2. APPROPRIATION.--Seven million dollars
13 (\$7,000,000) is appropriated from the general fund to the
14 behavioral health capital fund for expenditure in fiscal year
15 2006 and succeeding fiscal years for the purpose of making
16 loans to eligible entities for capital projects pursuant to the
17 Behavioral Health Capital Funding Act. Any unexpended or
18 unencumbered balance remaining at the end of a fiscal year
19 shall not revert to the general fund.

HOUSE BILL

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO FINANCE; ENACTING THE MUNICIPAL ARENA FUNDING ACT;
AUTHORIZING MUNICIPALITIES TO REQUIRE VENDORS TO COLLECT A
SURCHARGE ON REVENUES ARISING FROM ACTIVITIES AT A MUNICIPAL
ARENA; PROVIDING LEGISLATIVE AUTHORIZATION FOR THE NEW MEXICO
FINANCE AUTHORITY TO PROVIDE FINANCING FOR A MUNICIPAL ARENA;
EXEMPTING RECEIPTS SUBJECT TO A SURCHARGE FROM THE GROSS
RECEIPTS TAX AND THE GOVERNMENTAL GROSS RECEIPTS TAX; DECLARING
AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. [NEW MATERIAL] SHORT TITLE.--Sections 1
through 8 of this act may be cited as the "Municipal Arena
Funding Act".

Section 2. [NEW MATERIAL] DEFINITIONS.--As used in the
Municipal Arena Funding Act:

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1 A. "arena lease revenues" means receipts, fees,
2 rentals or other charges paid to a municipality for the right
3 to use, operate or manage a municipal arena by any person,
4 corporation or other entity;

5 B. "arena surcharge" means a surcharge on tickets,
6 parking, souvenirs, concessions, programs, advertising,
7 merchandise, corporate suites or boxes, broadcast rights and
8 all other products or services sold at or related to the
9 municipal arena or activities occurring at the arena;

10 C. "authority" means the New Mexico finance
11 authority;

12 D. "chief executive officer" means the mayor or
13 chief administrative officer of a municipality when designated
14 in writing by the mayor to perform duties required by the
15 Municipal Arena Funding Act;

16 E. "governing body" means the council, commission
17 or other group of elected officials of a municipality in which
18 the legislative authority of a municipality is vested;

19 F. "loan" means a loan or other financial
20 arrangement pursuant to which money is lent or otherwise made
21 available by the authority to a municipality to pay for some or
22 all of the costs of land for and designing, purchasing,
23 constructing, remodeling, rehabilitating, renovating,
24 improving, equipping and furnishing a municipal arena;

25 G. "loan payments" means all payments of principal,

1 interest, premiums, charges, expenses or other obligations
2 required to be paid by a municipality to the authority to repay
3 the loan;

4 H. "municipal arena" means an arena, including
5 land, buildings and related improvements, primarily designed
6 and intended for performances of sporting events, concerts and
7 other entertainment and recreational events;

8 I. "municipality" means a city with a population of
9 more than fifty thousand according to the most recent federal
10 decennial census;

11 J. "vendor" means a person, corporation,
12 partnership or other entity, including a division or department
13 of a municipality, providing products or services sold at or
14 related to the municipal arena; and

15 K. "vendor contract" means a contract, agreement or
16 other written arrangement between a municipality and a vendor
17 pursuant to which the vendor provides products or services sold
18 at or related to the municipal arena.

19 Section 3. [NEW MATERIAL] AUTHORIZATION OF SURCHARGE--USE
20 OF PROCEEDS.--

21 A. A municipality may impose an arena surcharge by
22 majority vote of the governing body. If an arena surcharge has
23 been imposed, the municipality shall include an arena surcharge
24 in each vendor contract and each vendor contract shall be
25 signed by the chief executive officer.

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1 B. Before establishing the amount of the arena
2 surcharge to be included in each vendor contract, the
3 municipality shall notify the authority in writing of the
4 proposed amount of the loan requested for the municipal arena
5 and of the proposed amount of the arena surcharge to be
6 included in each vendor contract. The authority shall review
7 the proposed amount of the arena surcharge and shall make a
8 written recommendation to a municipality setting forth the
9 minimum amount of the arena surcharge to be set forth in the
10 loan and related documents. The minimum amount of the
11 surcharge shall not be less than five percent and may be any
12 higher percentage recommended by the authority or otherwise
13 established by the municipality.

14 C. After receipt of the written recommendation from
15 the authority, the municipality shall establish the amount of
16 the arena surcharge to be included in each vendor contract;
17 provided that the amount of the surcharge to be set forth in
18 the loan and related documents shall be at least the minimum
19 amount recommended by the authority.

20 D. Receipts from the arena surcharge may be used by
21 the municipality for all or any portion of:

- 22 (1) loan payments;
23 (2) costs of constructing, renovating,
24 operating, maintaining or improving the municipal arena; or
25 (3) costs of collecting and otherwise

1 administering the surcharge.

2 E. A municipality shall establish a fund for
3 construction, renovation, operation, maintenance and
4 improvement of a municipal arena for deposit of all receipts
5 from the arena surcharge that exceed the required loan
6 payments, and all receipts deposited in that fund shall be used
7 for those purposes and for the costs of collecting and
8 administering the surcharge.

9 Section 4. [NEW MATERIAL] COLLECTION OF SURCHARGE--
10 REMITTANCE TO THE MUNICIPALITY.--

11 A. A vendor shall collect the arena surcharge on
12 behalf of the municipality and shall act as a trustee for the
13 vendor.

14 B. The arena surcharge shall be collected by
15 vendors from the users of products or services subject to the
16 arena surcharge. Users shall be charged separately for the
17 surcharge from the cost of the product or service subject to
18 the surcharge or the vendor shall institute accounting controls
19 or procedures sufficient to identify the amount of the
20 surcharge owed to a municipality for each sale, transaction or
21 exchange subject to the surcharge.

22 C. Receipts from the arena surcharge shall be
23 remitted by vendors to the treasurer of the municipality no
24 later than the tenth day of the month following collection of
25 the receipts. The treasurer of the municipality shall deposit

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1 the receipts in a separate account and shall act as trustee of
2 the receipts on behalf of the authority so long as any loan is
3 unpaid.

4 Section 5. [NEW MATERIAL] AUDITS.--A municipality shall
5 provide by ordinance a method to either audit or otherwise
6 ensure that vendors subject to the arena surcharge collect and
7 remit to the treasurer of the municipality the full amount of
8 the surcharge receipts due to the municipality.

9 Section 6. [NEW MATERIAL] ENFORCEMENT--PENALTIES.--

10 A. An action to enforce the imposition and
11 collection of an arena surcharge by a vendor may be brought by
12 a municipality.

13 B. A district court may issue an appropriate
14 judgment, order or remedy to enforce the provisions of a vendor
15 contract.

16 C. Any judgment issued by a district court
17 requiring arena surcharge receipts to be paid to a municipal
18 treasurer by a vendor shall also award interest at twelve
19 percent on past due amounts, attorney fees and costs to the
20 municipality.

21 Section 7. [NEW MATERIAL] AUTHORIZATION OF PROJECT.--

22 A. Pursuant to the provisions of Section 6-21-6
23 NMSA 1978, the authority may make a loan from the public
24 project revolving fund to a municipality to acquire land for
25 and to design, purchase, construct, remodel, renovate,

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1 rehabilitate, improve, equip or furnish a municipal arena on
2 terms and conditions established by the authority.

3 B. Prior to receiving the loan, the governing body
4 shall approve the loan and related documents by an ordinance to
5 be adopted by a majority of the members of the governing body.
6 The ordinance shall pledge the arena lease revenues and the
7 arena surcharge receipts to make the loan payments. In
8 addition to pledging the arena lease revenues and the arena
9 surcharge receipts for making loan payments, the ordinance
10 shall pledge legally available gross receipts tax revenues
11 distributed to a municipality pursuant to Section 7-1-6.4 or
12 7-1-6.12 NMSA 1978 in an amount satisfactory to the authority
13 and in an amount at least sufficient to make the loan payments.
14 An action shall not be brought questioning the legality of the
15 pledge of arena lease revenues, arena surcharge receipts and
16 gross receipts tax revenues, the ordinance, the loan, the
17 proceedings, the arena surcharge to be included in each vendor
18 contract or any other matter concerning the loan after thirty
19 days from the date of publication of the ordinance approving
20 the loan and related documents and pledging arena lease
21 revenues, arena surcharge receipts and gross receipts tax
22 revenues of a municipality to make the loan payments.

23 C. The legislature or a municipality shall not
24 repeal, amend or otherwise modify any law or ordinance that
25 adversely affects or impairs the arena surcharge or any loan

1 from the authority secured by a pledge of the arena lease
2 revenues, arena surcharge receipts and gross receipts tax
3 revenues, unless the loan has been paid in full or provisions
4 have been made for full payment.

5 Section 8. [NEW MATERIAL] CUMULATIVE AND COMPLETE
6 AUTHORITY.--The Municipal Arena Funding Act shall be deemed to
7 provide an additional and alternative method for obtaining
8 funding for a municipal arena, establishing the arena
9 surcharge, completing the acts authorized and shall be regarded
10 as supplemental and additional to powers conferred by those
11 other laws of the state and shall constitute full authority for
12 the exercise of powers granted, including the pledging of arena
13 lease revenues, arena surcharge receipts and gross receipts tax
14 revenues by the governing body to make loan payments to the
15 authority.

16 Section 9. A new section of the Gross Receipts and
17 Compensating Tax Act is enacted to read:

18 "[NEW MATERIAL] EXEMPTION--GROSS RECEIPTS TAX AND
19 GOVERNMENTAL GROSS RECEIPTS TAX--ARENA SURCHARGE.--Exempted
20 from the gross receipts tax and from the governmental gross
21 receipts tax are receipts subject to the arena surcharge
22 pursuant to the Municipal Arena Funding Act."

23 Section 10. LIBERAL INTERPRETATION.--The Municipal Arena
24 Funding Act, being necessary for the welfare of the state and
25 its inhabitants, shall be liberally construed to effect the

1 purposes of that act.

2 Section 11. SEVERABILITY.--If any part or application of
3 the Municipal Arena Funding Act is held invalid, the remainder
4 or its application to other situations or persons shall not be
5 affected.

6 Section 12. EMERGENCY.--It is necessary for the public
7 peace, health and safety that this act take effect immediately.

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